
Business Case

JNBS/JNMS
Representative Offices
Electronic Wallet Solution

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Executive Summary:

JNBS TRO Canada will lead initiative on behalf of the Overseas offices and the larger JNBS organization.

The representing offices presently operate without banking status in the UK, US and Canada. Consequently, they are prohibited from taking deposits and conducting banking activities that lie outside of their operating mandate. This results in not meeting our customer's expectations, escalating service costs associated with manual work-around processes and ineffective marketing strategies that are unable to reach a wider market base. For the representing offices this hinders their ability to acquire and retain new customers and revenue streams and compete with other service providers.

An opportunity exists to engage a service provider that has the infrastructure to provide uniform functionality across a existing RO jurisdictions and the capacity to expand service delivery to 190 countries using 22 different base currencies. The solution has elements that can be branded by JNBS or JNMS to provide the customer with a seamless JNBS experience. In addition the service will allow untapped revenue streams to be fully exploited by the ROs.

Jamaican competitors such as VM and NCB have partnered with remittance companies and are able to provide integrated and seamless online experiences to their customers. JNBS risks erosion of their dominant market position, within Jamaica, if they do not provide equivalent or superior service delivery. Improved remittance destinations, online integration of the RO with JNBS Live, and enhanced merchant services are needed to compete with new Jamaican market entrants such as the Canadian Imperial Bank of Commerce, CIBC and the Bank of Nova Scotia, BNS. These banks are also well equipped to provide additional niche services such as VISA and MASTERCARD programs to a Caribbean market that is particularly underserved.

Payza is one of Canada's largest payment processing companies and has been in business for over fifteen years. The company presently serves over nine million customers and has various proprietary licenses and applications that support its services and products. Implementation of this solution will meet the following objectives:

1. Financial:
 - Increase deposit inflows by 50% within 12 months.
 - Decrease customer costs for depositing funds to the JNBS accounts, (customer pays \$6.50 for a money order, \$40.00 per bank wire),
 - Reduce JNBS costs for postage (\$1.80 per standard postage and \$15.00 registered mail TRO estimated at \$500.00 per month),
 - Reduce JNBS costs for managing post dated cheques (Approximately \$0.40 IPC for 500 transactions per month)
 - Capture lost remittance revenue approximately \$15.00 X 20,000 transactions not available to JNMS currently.
 - Increased remittance revenue from expanded service offering: 190 countries
2. Customer Service: satisfaction/retention
 - Today's banking customers want more transparency, more simplicity and easy access—and above all, they seek a seamless experience as they move from agent channel to digital channel.
 - We wish to also maintain parity with current overseas bank offerings to capture the youth demographic.
 - Currently we send customers to our competitors to complete deposits.

3. IT Impact (Security and resources)
 - Maintain current or better bank grade security over all financial transactions associated with JNBS.
 - Minimize the impact on current IT footprint to minimize coders, licensing, developers running off the shelf or in-house developed applications.
4. Business process: New processes or processes made redundant
 - Management of cheques, (Business mail process)
 - Minimizing banking and remittance compliance
 - Utilize a third party remittance platform
 - Employee training on third party application
5. Efficiency Gains:
 - Improved performance metrics ie. Throughput vs staff.
 - Transaction time improvements over current 15 mins per customer.

TRO is recommending that we pursue the Payza option outlined in Section 3 under Proposal. Rationale for the decision is presented in the Executive Summary of his Business Case.

To engage the service provider, we require a Letter of intent, LOI, to be signed between JNBS and Payza. A copy of the LOI is included in Appendix B.

We are also recommending that the required personnel resources be assigned to the project and that funding be allocated to ensure the deliverables can be attained on schedule.

Canadian Electronic Wallet Solution

Problem / Opportunity

Description:

The representing offices presently operate without banking status in the UK, US and Canada. Consequently, they are prohibited from taking deposits and conducting banking activities that lie outside of their operating mandate. For our customers, this results in:

- Not meeting service level expectations
- Escalating service costs
- Inability to effectively market JNBS products to RO customers

For the representing offices this hinders their ability to:

- Acquire and retain new customers and revenue streams
- Compete with other service providers

Current Situation

Description:

Presently, in Canada, the TRO has to direct new and existing members to send money to their JNBS account in Jamaica either by mail, bank wire or a third party remittance company. Similarly, withdrawal funds received in Canada are typically presented to the customer in the form of a bank wire or cheque drawn on the JNBS Bank of Nova Scotia clearing account in Canada. The volume of transactions flowing in either direction is approximately CA\$1 million per month, and JNBS earns no fees on the movement of these funds since their Money Service, JNMS, is prohibited by Canadian banking regulators from providing these services. Similar restrictions exist for the other representing offices, but for the TRO alone the loss of remittance revenues is estimated to be CA\$1.8 million annually.

JNBS overseas customers also are unable to integrate their JNBS banking with other banking entities in the jurisdictions in which they live and this problem is further highlighted because local banks have a seamless interface between their personal and digital service delivery channels. The result is that JNBS RO customers are at a comparative disadvantage to other competitive offerings despite having superior products to market. Conservatively, TRO estimates that the ability to attract approximately CA\$1 million in new deposits is being lost annually because of not meeting service level expectations, (once a new customer encounters the difficulties in establishing and maintaining accounts in JNBS RO they do not return) and another CA\$1 million of deposits is lost annually because of perceived inefficiency, (youth demographic have higher expectations for service levels and will not tolerate awkward or time consuming procedures).

Jamaican competitors such as VM and NCB have partnered with remittance companies and are able to provide integrated and seamless online experiences to their customers. JNBS risks erosion of their dominant market position,

within Jamaica, if they do not provide equivalent or superior service delivery. Improved remittance destinations, online integration of the RO with JNBS Live, and enhanced merchant services are needed to compete with new Jamaican market entrants such as the Canadian Imperial Bank of Commerce, CIBC and the Bank of Nova Scotia, BNS. These banks are also well equipped to provide additional niche services such as VISA and MASTERCARD programs to a Caribbean market that is particularly underserved.

Within the TRO, internal costs associated with business processes, solely designed to circumvent banking regulations, have risen sharply. For example, with new account creation, cheque or money orders have to be mailed individually to avoid deposit Canadian banking aggregation rules and individual costs range from \$1.80 per item for regular mail to \$14.00 per item for registered mail. Courier costs are typically \$80.00 per item. Across all RO's process driven mailing expenditures may exceed CA\$30,000 annually. The TRO estimates that costs for post-dated cheque management and IPC related business processes can also be avoided, (TRO averages 250 Post dated cheques monthly at a processing cost through IPC of approximately \$0.45). Across all RO estimates of post-dated cheques could be as much as 3.5 times this volume. In the interest of RO viability, cost avoidance is essential.

For the Representing Offices, the immediate opportunity exists to acquire the ability to:

- Take deposits and make banking transactions in real-time
- Avoid costs and recapture lost revenue streams
- Offer new banking channels such as mobile banking
- Expand JNMS revenues by monetizing additional services using products such as VISA and Direct deposit payroll services.
- Reposition JNBS to attract new customers and retain existing customers

Project Scope Description

The project will involve a partnership with a service provider. The service provider will have the ability to:

- Provide an electronic wallet to JNBS customers that can be funded using a variety of funding mechanisms
- Provide full remittance services and favourable foreign exchange rates
- Allow the JNBS customers to make multiple overseas payments using the funds available in their e-wallet

Once implemented, the project will enable any overseas customer to make deposits from anywhere in the world using a variety of online mechanisms or at designated bricks and mortar agent locations. They can then use the deposited funds to fund a JNBS account in Jamaica, or pay any payee that is registered with JNBS/JNMS. All clients will be issued a JNMS branded client VISA card that will be used as KYC identification, ATM access to the e-wallet and as well as a tool to market JNMS remittance loyalty programs.

The project will have two functional parts. A) Deposit Taking and B) Bill Payment

A) Deposit Taking

RO customers will access a third party provider's electronic wallet using JNMS agent location (bricks and mortar), or from personal computer or mobile device, (online). These two channels will provide the customer with a variety of deposit mechanisms ranging from:

- Cash
- Cheque
- EFT or email money transfer
- Debit card withdrawal
- Bank wire or bank to bank transfer
- Credit Card

Depending on the settlement and funding mechanism established between the service provider and JNBS, and on the internal settlement procedure established between JNBS and JNMS, deposited funds can be available for use by the customer instantly. If the agreement with the service provider does not call for full integration of the JNBS bank account with the electronic wallet, the customer's funds could, in the case of bank wires, take up to 5 business days.

JNBS shall remain compliant with local banking regulations by leveraging the operating licenses of the service provider in the jurisdictions in which the RO operate. This may necessitate co-branding and marketing the deposit taking aspect of the project with the Service Provider under a sub-agency agreement.

B) Bill Payment

Customers will enter a JNBS/JNMS branded portal to select vendors, enter payment details such as invoice numbers and determine the amounts they wish to pay. This functionality currently exists with the JN Live interface so integration with this application will optimize local Jamaican and RO user experience. However, the project scope should allow other multiple item payment interfaces to be deployed and bridged to the JN Live application by an API.

Once customers have selected vendors to be paid and entered all amounts for the transactions, their payment can be taken immediately from either their JNBS account or their electronic wallet. All transactions shall be reflected in individual JNBS accounts.

Proposal

The proposed solution is to partner with a service provider that can immediately deliver the following:

- A single service provision across multiple jurisdictions with the ability to simultaneously negotiate in multiple currencies
- Fully compliant banking and remittance platform (AML, FINTRAC, BOJ PCSA)
- Deployed bricks and mortar agent base.
- Integrated service delivery channels with a seamless API into the existing JNBS platform
- VISA or MASTERCARD branded convenience cards.

TRO has begun discussions with a service provider called Payza. Payza.com has approximately 9 million customers operates in 190 countries and has a robust account based electronic wallet that operates with bank grade security on the internet. The company was started over fifteen years ago as a remittance company and has now become the one of the largest Canadian owned payment processors in the world.

Payza has a partnership with GDI Canada and DCR Trucash to extend the electronic wallet's capabilities. This consortium has the ability to provide the following services which can be fully customized by the client

- JNBS branded VISA or MasterCard credit/debit cards
- Customer loyalty and points based retention programs
- Complete end to end payroll programs with direct deposit to the VISA card or e-wallet.
- Remittance Services to 190 countries using 22 base currencies.
- Merchant services for credit card and ACH services
- Pay day advances and overdraft provisions
- Credit rebuilding services (Canada only)

A Service Level Agreement between JNBS and Payza will allow JNBS to market additional services to their client base and provide new revenue streams to the company. Additional services will deepen the JNBS relationship with the existing customer base and provide the opportunity to acquire new segments of the market in overseas jurisdictions.

For a schematic overview of the project, please refer to the functional view of the Solution Architecture drawing in Appendix A. LOI costing projections are predicated on having approximately 150,000 transactions per month with an average transaction amount of \$500.00.

Objectives

Deliverables

Within 90 days of the definitive agreement, the selected service provider must be able to:

- Prepare TRO JNMS locations to become subagents of the remittance provider, fully compliant with local jurisdictional requirements.
- Provide deposit taking functionality to TRO
- Issue convenience cards, (branded cards will require delivery in 180 days), to existing TRO client database and complete full KYC compliance documentation.
- Provide online payment and account management functionality through a branded JNBS/JNMS portal

Key metrics for the achievement of objectives within 90 days shall be:

- Increase annualized TRO revenues by \$300,000
- Reduce throughput processing time from 15 minutes to 5 minutes.
- Reduce TRO administration costs from CA\$500,000 to CA\$450,000 in annualized savings
- Increased TRO portfolio (NSI) by 100%. (CA\$ 1 million annualized estimate)
- Improved customer satisfaction index for banking processes, (base line required)

Scope

Phases

The project will be comprised of two phases. Phase 1 is the delivery of a functional service to the TRO within 90 days, Phase 2 is the complete integration of the service with the JN Live platform across all regional offices, within 365 days. Project costs cannot be accurately estimated at this time. Cost expenditures will be focussed on the creation of the automated payment Interface, API, and for testing the solution.

The project will be led by the TRO with involvement of the following functional areas with JNBS:

- Business Development Mr. E. Spence
- JNMS Ms. L. Kow
- Compliance Ms. T. Manley
- IT Systems/IPC Ms. S. Jones
- eChannel Mr. R. Dystant
- ePMO Mr. W. Lyn

TRO will remain full accountability with JNBS' Executive Office through its project sponsor Ms. W Purkiss.

Key Project Assumptions

1. The project will have to conform to the existing technology footprint of JNBS.
2. The service provider must possess the licensing to deploy and evergreen their own application.
3. Service Provider shall be compliant with FINTRAC, MSB and BOJ Banking regulations where applicable.
4. Costs to integrate the JNBS Live platform with the service provider's application will be borne by JNBS.
5. To meet commitments TRO marketing, communications and deployment activities must be adequately staffed by JNBS.
6. A dedicated project manager must be assigned by JNBS.

Out of Scope

Service enhancements and functionality that exists beyond that of the current service provider's application shall be considered out of scope.

Anticipated Outcomes

Outcome/Deliverable	Est. Completion (from date LOI is signed)
Service Delivery Agreement (incl. service delivery costs)	1 Week
Detailed Business Requirements Document	2 Weeks
Proof of concept delivery	3 Weeks
Testing and deployment	6 Weeks (scope dependent)

Strategic Alignment and Business Impact

Description:

The JNBS business plan objectives are supported by the project goals as detailed below:

Goal from JNBS Business Plan	Level of Impact	Explanation (if required)
Increase deposit inflows from RO	High	Enable deposit taking functions with RO
Improve customer satisfaction	Medium	Enabling seamless online experience. Ability to directly access Jamaican account services. Perception of equality with competitive product and service offerings.
Reduce RO operating budgets and improve operational efficiencies	Low	The project will eliminate business processes and make some internal JNBS and JNMS applications redundant resulting in reduced overhead costs. Savings expectations are multi-year and will escalate as efficiencies increase.
Enhance Operating revenues and Gross Margins	Medium	Expected improvements in the ability to market services and acquire new customer base while reducing customer churn. New revenue streams expected from leveraging the e-wallet functionality, and from the expansion of card related programs.

- High** - indicates that the magnitude of impact is significant and stakeholder support and preparation is critical to the alternative's success and the achievement of the goal
- Medium** - indicates that the project directly impacts the goal but it is not critical to its attainment and that there is a manageable impact to the stakeholder
- Low** - indicates the project has an indirect impact to the achievement of the goal
- None** - indicates that the stakeholder will not be impacted by the alternative

The business impacts for JNBS/JNMS are:

- Expand current service offerings and/or products being provided:
 - Customers can use the electronic wallet to make remittances, deposits and payments.
 - Easier deposit and account creation processes allow customers to take advantage of high yield JNBS banking products.
 - Expanded Agent network in Canada for no incremental overhead costs through reciprocal arrangements with Payza Agent Network.
- Improvements in Revenue and Gross Margin
 - JNMS can now earn revenue from JNBS deposits destined for Jamaica and withdrawals destined for TRO
 - Current costs associated with manual deposit process can be avoided.
 - JNMS can derive additional remittance revenues by offering money transfer to 190 countries.
 - JNMS can reduce operating overhead since AML compliance and manual KYC processes are eliminated.

- Broaden market appeal and deepen customer relationships.
 - JNMS branded VISA card provides a new channel for reactivating dormant JNBS accounts and provides opportunity to market services to a broader client base.
 - Ability to expand and deepen customer relationship using loyalty and reward points
 - Provide options for direct payroll deposit, pay day advance and credit rebuilding features.

The operational impacts for JNBS/JNMS are:

- Staff training required
 - JNBS and JNMS staff will be required to be trained in the use of the Payza e-wallet
 - New JNBS banking procedures for account creation and payment processing
- Staff resources Reductions of staff in JNBS and increases of staff in JNMS
 - Compliance work is reduced
 - Reductions in manual processing errors
 - Elimination of manual process steps.
 - Elimination of post-dated cheque management issues.
- Time and efficiency improvements
 - Deposit taking process is streamlined
 - Deposit funding can occur online
 - Elimination of costly telephone banking service.
 - Reduced staffing requirement for increased customer initiated transaction throughput.
- IT Security and IT resources
 - API required to integrate e-wallet to deposit accounts and to JN Live
 - No software maintenance or application evergreening costs.
 - 99.999% uptime with higher customer satisfaction in a turn key solution.
 - Minimal IT security implications since transaction flows sit outside the JNBS firewall.

Competitor	Capabilities
VMBS	<p>Strategic partnership with XOOM adds 2-4 day remittance functionality to service offering to allow disbursements in Jamaica for:</p> <ul style="list-style-type: none"> • Individuals cash payments – paid through ALL Victoria Mutual Building Society VMBS branches • Direct to Account - to ANY Jamaican bank account • Bill Payment - of ALL your Jamaican utility bills <p>No deposit taking ability outside Jamaica</p>
NCB	<p>Partnership with Moneygram and Visa to offer business customers account level electronic banking and remittance services.</p> <p>No deposit taking ability outside Jamaica</p>
BNS and CIBC	<p>Full retail banking service including deposit taking in all overseas jurisdictions presently served by JNBS including credit card issuance.</p>

The Payments Clearing and Settlements Act (PCSA), which was passed into law in December 2010, provides the Bank of Jamaica with legal responsibility for oversight of payment systems to include payment instruments and services offered to the public, and the systems and underlying agreements governing access to these services.

During 2011, the Bank of Jamaica has intensified its focus on plans for the strengthening of the regulatory framework governing retail payment systems. Stakeholders represented at the National Payments Council have emphasized the need for enhancing the safety and efficiency of retail payment systems and on improving the efficiency of the entire system under which retail payments instruments and services are offered to the consumers.

Our initiative needs to be aware of the recent move by the BOJ to block the commissioning of a new epayment service built by Mozido for the members of the Jamaica Cooperative Credit Union league. Mozido's limited service would have offered only mobile credit top-up, bill payments and account checking.

Options:

- | | |
|--|--|
| <ol style="list-style-type: none"> 1. Do nothing 2. Payza Service Provider arrangement 3. Partner with a remittance company 4. Apply for full banking license in CA, US and UK | <p>Does not meet business objectives</p> <p>Meets Strategic Business objectives for RO</p> <p>No account level capabilities</p> <p>No guarantee of success, resource intensive, longer amortization period</p> |
|--|--|

Option 1 Do Nothing Option

[See Section 2 Background:](#) Review the current situation for a discussion if status quo is maintained.

Option 2 Payza Service Provider Agreement

[See Section 3 Project Description:](#) Proposal discusses Payza solution. This proposed solution meets the Business objectives of both the Representative Offices and the greater JNBS organization. [See Section 4](#) for a discussion of the strategic alignment.

Option 3: Partnering with a remittance company

Remittance company partnerships provide limited account to account based services, and a single remittance amount sent from a RO location cannot be subdivided into multiple payments. This necessitates multiple remittance transactions if the sender has to pay several amounts and each transaction would incur a separate transaction fee.

Remittance services are typically inflexible when it comes to white labelling or co-branding their services. AML regulations prohibit the masking of an MSB entity so this masks the JNBS brand. Finally, remittance company costing models are higher than those for full service payment processor companies which reduces the contribution margins available to JNMS.

Partnering with a remittance company will satisfy functional requirements but will not be convergent with long term business objectives.

Option 4: Apply for a full banking license.

Applying for a full banking license is both time consuming and resource intensive. UK, US and Canada all have various capitalization and securitization rules which will require specialized knowledge or the acquisition of informed third parties at a significant cost to the Building Society.

Additional capital resources will have to be committed to securing banking services and this cost of capital will have to be amortized over approximately 150,000 RO customers which may not be cost beneficial.

Negotiations for the banking schedule licenses will have to occur separately in three different banking jurisdictions and there is no assurance of success. A successful outcome in one jurisdiction and not another will mean JNBS offerings will not be uniform and consistent which will increase the number of manual ad-hoc processes and increase inefficiency.

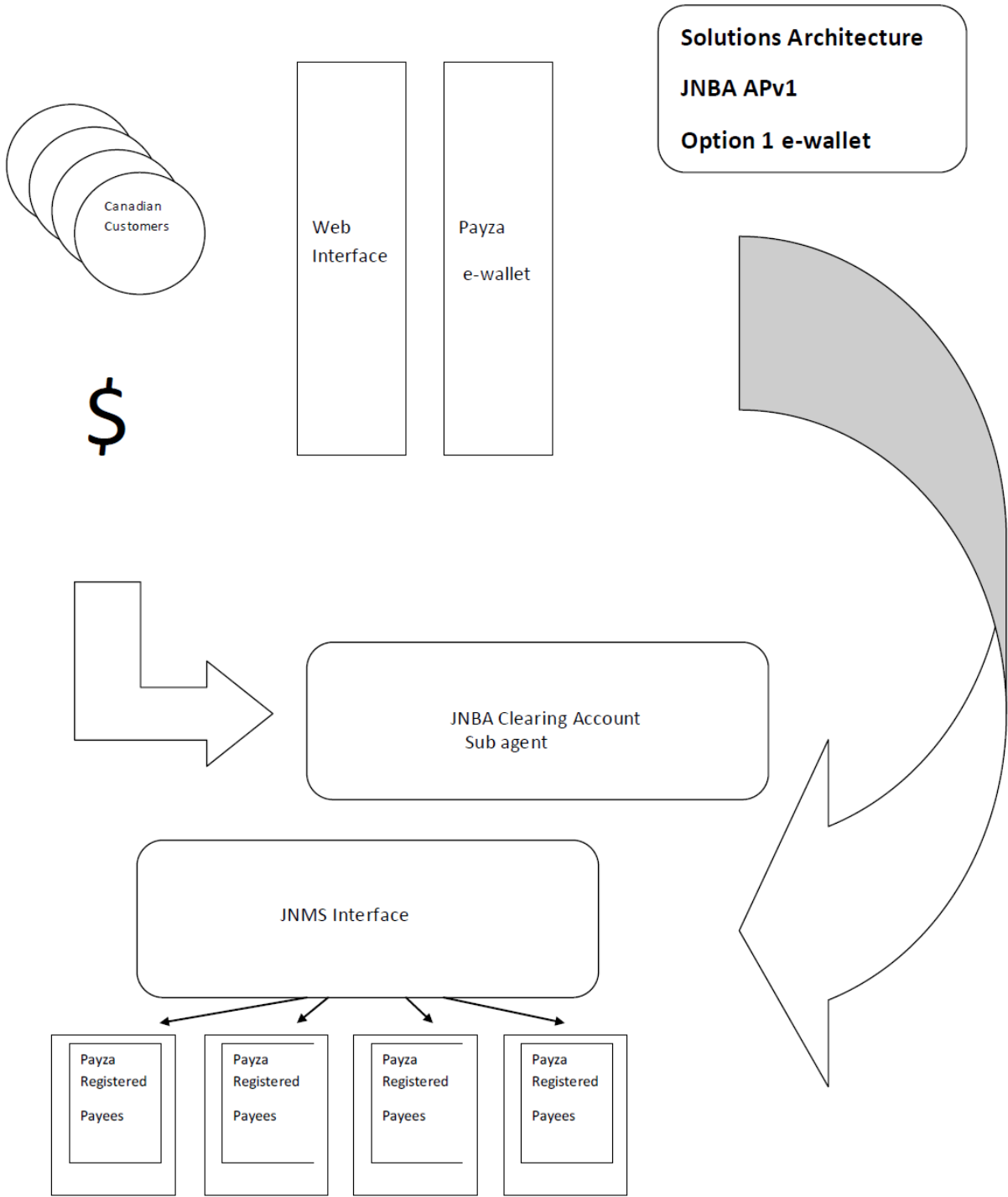
Conclusions

TRO is recommending that we pursue the Payza option outlined in Section 3 under Proposal. Rationale for the decision is presented in the Executive Summary of his Business Case.

To engage the service provider, we require a Letter of intent, LOI, to be signed between JNBS and Payza. A copy of the LOI is included in Appendix B.

We are also recommending that the required personnel resources be assigned to the project and that funding be allocated to ensure the deliverables can be attained on schedule.

Jerrold Johnson,
Interim Chief Representative Officer
Jamaica National Building Society



Solutions Architecture
JNBA APv1
Option 1 e-wallet

FUNCTIONAL VIEW

LETTER OF INTENT

BETWEEN:

GDI Canada as authorized agents of Payza, ("Service Provider")

and

Jamaica National Building Society, ("the Client")

Where the Client and Service Providers are Parties to this agreement.

This Letter of Intent (the "LOI") is made effective July 18, 2012, (the "Effective Date"). Based upon our discussions over the past month, and the information we have exchanged, we are entering into this Letter of Intent for an agreement under which GDI Canada will provide the following services to Jamaica National Building Society, JNBS, and its subsidiaries.

Services to be provided:

- 1) Payza will provide its Visa card to all overseas JNBS clients in a) Toronto, Canada, b) Florida, USA and c) London, UK . (Approximately 150,000 cards to be distributed through the JNMS agent network)
- 2) Leveraging existing GDI MSB relationships to expand the JNMS agent network. Initially adding 200 agents in Canada.
- 3) Deploying the automated information interface between JNBS and Payza to provide online customer initiated payments and the movement of funds within existing JNBS remittance corridors.

This Letter of Intent is being entered into to confirm our understanding of the principal terms and conditions of the transaction and our mutual willingness to proceed in mutual good faith to work toward the definitive Agreements consistent with the terms as set out herein:

Terms

1. **Non-Binding.** Except as expressly provided herein, this LOI is not a binding agreement, but expresses the terms which the parties anticipate will form the terms of a binding agreement for the provision of services under a "Definitive Agreement". The Definitive Agreement will contain terms and conditions customary for a transaction of this nature, including the terms specifically identified in this LOI.

2. **Exclusive Dealing.** Prior to the earlier of (i) the signature of the Definitive Agreement or (ii) July 5, 2012, the Client and its subsidiaries and related parties:
 - a. In any jurisdiction that JNBS operates, shall not initiate negotiations nor engage with any other service providers that are engaged in the supply and provision of services being considered under this agreement.

3. **Due Diligence and Confidentiality.** The parties agree that from the Effective Date for a period of five years:
 - a. Both Parties shall receive certain proprietary and confidential information ("Confidential Information") from the other party. Each party agrees not to allow access to, transmit, copy or use the Confidential Information except as reasonably required for the provision of services as defined by this agreement. Each party further agrees to use all reasonable efforts to protect the other party's Confidential Information, using at least a standard of care no less than the degree that a party would be reasonably expected to employ for its own similar confidential information. If the parties do not proceed with the transaction contemplated hereby, each party shall return forthwith the other party's Confidential Information in its possession or control. The obligation of confidentiality contained in this LOI shall continue whether or not the parties complete the transaction.
 - b. The confidentiality restrictions contained in clause (b) hereof shall not apply to information disclosed which:
 - i. is or becomes publicly known or within the public domain without a breach of such confidentiality restrictions; or
 - ii. was lawfully and in good faith known by a party prior to disclosure to such party.

4. **Work Product.** The Client agrees that any and all improvements, inventions, discoveries, formulae, processes, methods, know-how, trade secrets, business re-engineering and (collectively, "Work Products") relating to the Business, which the Service Provider may conceive or make or have conceived or made during the time the service is provided to the Client, shall be vested and be owned exclusively by the Service Provider.

5. **Independent Entities.** In the performance of the work, duties and obligations described hereunder, it is mutually understood and agreed that each party is at all times acting and performing as an independent contractor with respect to the other and that no relationship of partnership, joint venture, or employment is created by this Agreement.

6. **Non-solicitation.** From the Effective Date, and for a period of twelve months after the Effective Date if the business transactions are not successful, neither party will solicit or hire any employees of the other party.

7. **Counterparts and Governing Law.** This LOI may be signed in one or more counterparts, each of which will be considered an original and all of which will constitute the same document. This letter shall be governed by the laws of Ontario.

ASSUMPTIONS

1. **Resources.** Both parties shall dedicate the resources required to deliver the services in a timely manner.
2. **Communications.** A single point of contact shall be established for each of the parties to this agreement for the sole purpose of expediting the design, solutioning and deployment of the service. GDI acknowledges that the client may also choose to appoint a communications person for each of its lines of business
3. **Service Launch.** It is contemplated that the three components of the service to be provided need be ready to commence on August 11, 2012.
4. **Expenses.** All expenses to provision and deliver the services shall be the responsibility of the respective parties incurring the expense unless prior written approval is obtained to seek recovery of expenses from the other party.
5. **Revenues.** Payment for the services contemplated under this agreement shall be in the form of transaction fees charged to the client by the service provider. The client acknowledges that a component of the fees charged may include the recovery of costs incurred during the solutioning and provisioning phases of the service provision.
6. **Costs.** The cost for Payza VISA cards is a one time charge of \$_____ for an activated card with e-wallet access and the customized MLC interface. Co-branded and personalized cards will be subject to order minimums at a small surcharge. Transaction costs will be subject to minimum charges. Transaction costs are currently \$2.50 plus \$2.5% of the payment of remitted amounts based on an average of \$500 per transaction and approximately 150,000 transactions per month.
7. **IT Access.** Both parties shall provide unrestricted access to the other's information systems and technical manuals as needed to provide the services noted herein, save and except where prohibited under statutory restriction or where the violation of patented or proprietary information or knowledge will occur.
8. **Integration.** The client will provide required resources to implement the multi item payment application necessary to provide online access in compliance with the Payza software development protocol library.
9. **End User Technical Support.** The Agreement will provide that the Client is to be solely responsible for providing technical support to end users of the Product but that Service Provider will provide reasonable assistance to the Company with respect to any end user problems for a period of _____ days after deployment of the product into retail channels. The parties may negotiate additional technical support to end users on a time and materials basis.

This Letter of Intent merely summarizes certain of the principal terms and conditions proposed by the parties with respect to the transactions contemplated by the parties.

Except as to Paragraph 2, Paragraph 3 and Paragraph 4 in the section marked TERMS, the parties hereby expressly agree and acknowledge that this Letter of Intent is merely an expression of intent among the parties and not intended to be legally binding and that the actions contemplated by the Letter of Intent shall in all respects be subject to the execution of a definitive agreement in form and substance satisfactory to the parties and their respective counsel.

Accordingly, Except as to Paragraph 2, Paragraph 3 and Paragraph 4 in the section marked TERMS, the understandings contained herein will become binding, if at all, only at such time as such agreement has been duly executed by the parties, subject to any conditions set forth in such agreement being satisfied or waived.

Executed at _____, on August 5, 2012.

By:

Executive Business Development

By:

Executive JNMS

By:

Executive Compliance and Legal

By:

Executive IT Systems and Support

By:

Executive TRO