

Collective Dynamics



February 2004

Check 21 Consumer Research Prospectus

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Check 21 Consumer Research

Introduction

In October of 2004, the Check Clearing for the 21st Century Act (Check 21) will give a paper reproduction of an electronic image of an original paper check, known as a substitute check, the same legal status as the original paper check. The benefits and justification of Check 21 has focused on the financial institution and payment processing infrastructure. Despite the fact that only about one-third of bank customers are used to not receiving their cancelled checks in their DDA statements, Check 21 has not been examined as closely from the consumer point-of-view.

Collective Dynamics is conducting primary consumer research to gain a better understanding of consumer preferences, issues, concerns and questions relative to the implementation of Check 21. We believe the results of this project will be of great benefit to the financial services providers in understanding their customer's perspective of the benefits and disadvantages of Check 21. This understanding is critical in the education of their customers about the coming changes, and about electronic payments in general.

The approach outlined in this Research Prospectus is a “straw man” approach, and will be refined by Collective Dynamics’ Research Forum members.

Topic

This research will focus on the pros and cons of the Check 21 components from the consumer's perspective. The research will attempt to answer questions such as:

- What are the perceived benefits of Check 21 to consumers?
- Will consumers want substitute checks for all their checks or just on an “as-needed” basis?
- How much would they be willing to pay for substitute checks?
- How do those who currently get returned checks attitudes differ from those who do not get returned checks or only receive copies of cancelled checks?
- Will the change in float time encourage consumers to consider alternative payment methods like cards or electronic payments?
- What questions are consumers likely to have for their banks?
- What are the consumer's biggest issues or concerns?

Approach/Methodology

Collective Dynamics will utilize online interviewing techniques to gather both qualitative and quantitative information. Conjoint or multiple regressions may be utilized after specific research goals are established with Research Forum members. Cluster analysis will be utilized to better understand how consumers “group together” based on their preferences.

Study Dates

The study will begin in mid-February and will be completed by early April.

Deliverables

- ◆ Management Presentation and Report
 - Management presentation at your site
 - Presentation content and detailed appendix
 - Research findings
 - Strategic implications
 - Conclusions and recommendations
- ◆ Data -- Survey statistics, frequency counts, cross-tabs and correlations of responses
- ◆ Follow On Analysis -- One day of consulting to explore your specific questions or issues

Collective Dynamics Qualifications

Collective Dynamics' staff members have over a hundred years of 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 payments/financial services arena. Collective Dynamics staff members also have extensive market research experience and specific skills and experience in the area of conjoint analysis and predictive modeling research. In the past two years we have delivered research to a broad range of players in the payment system, including:

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|-------------------|-------------------|-------------------|---------------------|
| • Bank of America | • Federal Reserve | • JP Morgan Chase | • Visa |
| • CheckFree | • FleetBoston | • MasterCard | • Wachovia |
| • Concord EFS | • Global Payments | • Unisys | • Washington Mutual |
| • Coca-Cola | • Hypercom | • US Bank | • Wells Fargo Bank |

Cost

The cost for the basic study is \$10,000, plus any travel expenses related to presenting the findings at your site. Prices to survey your actual customers to understand their preferences and how they compare to industry norms can be quoted upon request. Please call for specific pricing and to discuss options.

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:

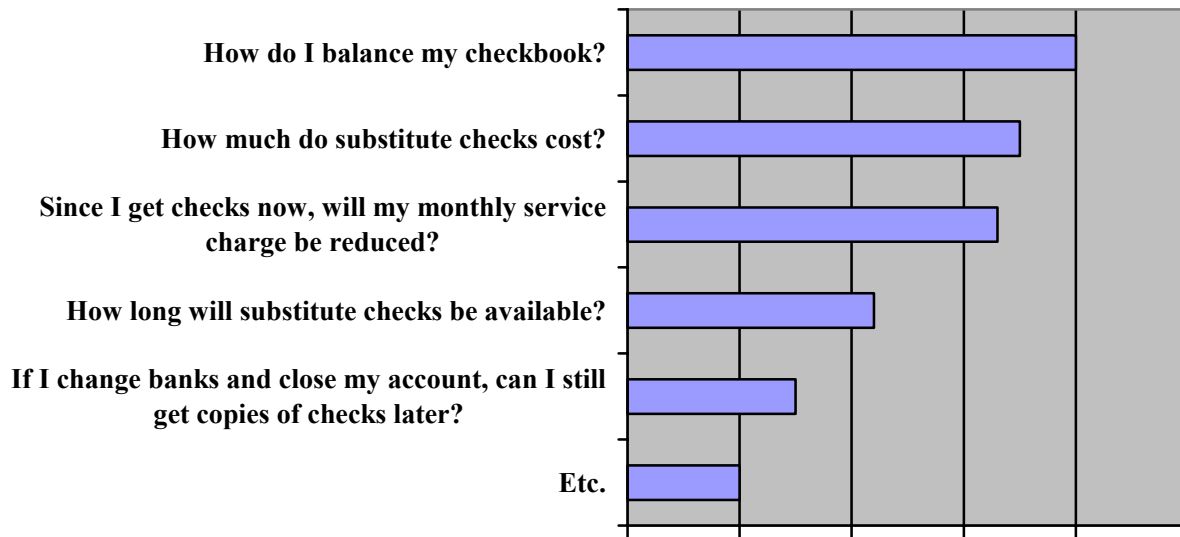
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Check 21 Consumer Research

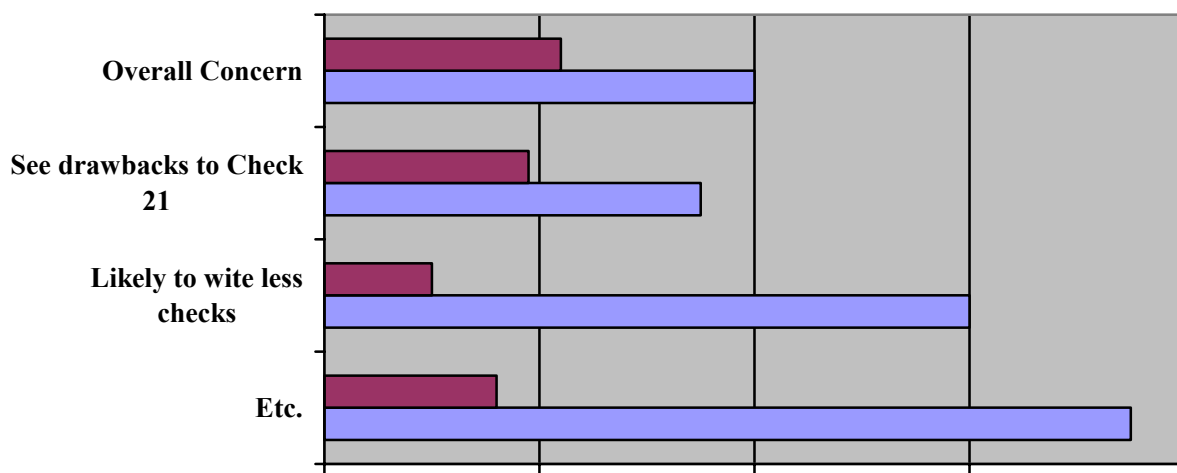
Example Output

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 not intended in any way to represent actual survey results.

Top Questions Consumers Have About Check 21 Form Basis for FAQ's



How Do Groups/Segments Compare?



■ Currently Receive Cancelled Checks ■ Currently Do Not Receive Cancelled Checks