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Introduction to CashWorks By Trustone Bancard

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CashWorks Sales Training – Version 6



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Overview of CashWorks



CashWorks is a new, extremely low-cost solution for delivering check cashing and other financial services to the 65 million Americans who either don't have a bank account or who regularly supplement their bank account with non-bank financial services such as check-cashing, money transfer, payday loans, and bill payments. Today, there are very limited distribution points for these services –typically in inconvenient, unpleasant, and unsafe manned check cashing stores.

By leveraging the existing ATM network as secure cash dispensing devices, CashWorks can deliver non-bank financial services at any of the 155,000 U.S. retailers with an ATM. CashWorks eliminates the need for manned brick-and-mortar stores or expensive special-purpose ATMs.

With CashWorks, cashing checks is fast, efficient, and risk-free for retailers and customers:

Step 1: The store clerk enters check information into a small POS terminal (the PayPort™) chooses a PIN. PayPort sends the data over a standard dial-up line to the CashWorks Central Decision Engine™ which approves or declines the check in seconds

Step 2: If approved, the clerk dispenses the change for the transaction (any amount less than \$20) – the ATM dispenses the rest.

Step 3: The customer is then directed to the store's ATM to collect the balance of funds – without requiring cards or biometrics.

The entire transaction takes about a minute and avoids the queuing problems of other solutions. Because the only additional retailer cost is the cost of the PayPort, each location requires less than 50 checks per month to break even (as opposed to large check cashing kiosks that require upwards of 1,000 checks per month to cover their fixed costs). Also, since CashWorks guarantees the check and the cash required for checks is secure in an ATM, there is little risk to the retailer.

CashWorks is the first company to use a clerk-assisted terminal for transaction authorization linked to a standard ATM for dispensing funds. We have patents pending related to both the apparatus and transaction processing methods.

Tidel, a leading ATM manufacturer with 30,000 deployed units, has modified their ATM software to support CashWorks transactions and we have an agreement with another major ATM manufacturer with 30,000 deployed units to modify their software to support our solution.

Product overview

The CashWorks PayPort is a modified Hypercomm ICE 5700 with a D8 serial pin pad. This unit measures 9"Wx11"Dx4"H and uses a standard dial-up line with an RJ11 jack. It supports mag cards, MICR encoding, smart cards and has a touch screen and a thermal printer.



Where can I sell the PayPort and what type of ATM is it compatible with?

CashWorks uses driver's licenses to identify customers; more specifically we read data from the mag stripe found on the back of the driver's licenses in many states. At this point we are ready to deploy PayPorts in Arizona, Arkansas, California, Colorado, Florida, Iowa, Kansas, Louisiana, Maryland, Michigan, Montana, Ohio, South Carolina, Tennessee, Texas and Virginia. In early 2003, Cashworks will be ready for installation in several new states including Alabama, Idaho, Kentucky, Missouri, Nebraska, N. Carolina, N. Dakota, Oklahoma, Oregon, S. Dakota, Wisconsin and Wyoming.

Triton has developed the interface for CashWorks and it is ready for the 9100, 9600, and 9700 series.



Telemarketing and Mass Mailings

The goal with either mass mailing or telemarketing is generation of good or warm leads. This just means that the retailer has a general interest in check cashing. The first call or letter should be short and hit the highlights of the offer, if the retailer expresses interest, then they are mailed a brochure and contract with your offer to them and a business card and go into a queue for a callback in 4 days. The key is to make it easy for the retailer. A typical initial letter may look like this:

Dear _____:

We are pleased to offer check cashing in conjunction with your ATM. This can generate significant fee income to you and also will increase stores sales. A few of the benefits are listed below:

- **Cash is secure in your ATM** – you will not have to dispense large amounts of cash from your register.

- **The checks are guaranteed** – just follow a simple procedure and all approved checks are guaranteed.

- **Transaction time is fast** – a typical transaction only take about a minute.

- **Fee income can be significant** – a good store may earn \$500 of fee income or more in a month, even an average store can earn significant money.

- **Check Cashing increases store sales** – when does your customer fill his gas tank? Or buy lotto tickets or a twelve pack? After payday – when you cash his check, he will buy from you.

- **We offer a full turnkey program** – installation, training and signage are all included in the package.

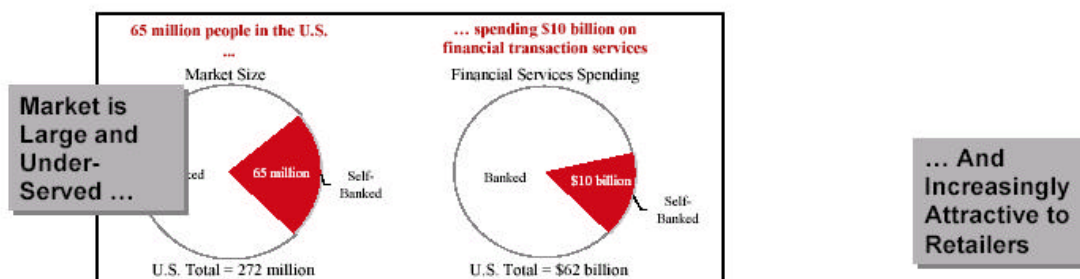
For more information, please call _____ at _____. Regards,

Selling check cashing to the retailer

First of all, you would rather have the retailer buy the check cashing equipment than sell it to him – this is an important difference, not just semantics.

You will have several tools to help you sell the CashWorks PayPort. We have brochures, a sales presentation, signage, press releases, etc. All of this is included in your Distributor Handbook in easy-to-access and durable clear page protectors.

As with any product, the first goal is to **demonstrate need**. You can do this by describing the total market of check cashers and how much money they spend on check cashing. If you are in the right store, you will be able to look around and see people who cash checks. They may be laborers or young people, typically working for an hourly wage.



On average, check cashers cash 3.3 checks/month at an average face value of \$300... nearly \$12,000 in checks per year

Then **show your ability to fill this need**. Describe the PayPort and how it works. Then **compare** it to other solutions, highlighting the cost factor, the size factor, the training factor and availability. You may also want to review the customer experience. Remember that no membership is required to cash a check with CashWorks and the transaction time is only about 1 minute.

You will probably want to walk the retailer through a demo transaction at this point.

Clerk Actions

Customer Actions

Step 1: Transaction Initiation

Begin Transaction
Swipe check through PayPort
Swipe DL or other ID
Select type of check
Enter amount of check

Select language
Enter PIN(3-6 digits)
Re-enter PIN

Step 2: Transaction Decisioning

PayPort Dials CDE – Processes and Approves

Step 3: Transaction Acceptance

Enter clerk PIN (4 digits)
Enter phone number from check (if required)
Confirm check amount
Dispense change <\$20

Accept fee
Endorse check

Step 4: Transaction Completion

PayPort Dials CDE – Establishes Virtual Balance

Step 5: ATM Dispenses Cash

ATM Dials CDE – Virtual Balance Authorized for Dispense

The retailer will probably focus on the **revenue stream from check cashing**, and that's great because it means he is buying the idea, he just needs to know how to make money.

You may want to go through a typical transaction with the retailer. Assume an average size check of \$300 and an average fee of 1.95%. The total fee to the customer is \$5.85. CashWorks plus your buy rate is 1% or \$3.00, so there is \$2.85 to share with the retailer.

In addition to check fee income from the transaction, the retailer should experience some **sales uplift**. This is typically a very hard sell because every new product claims to impact store sales, but in the case of check cashing, it's true and you can explain it to the merchant so it makes common sense. When does a person paid by check fill his car up with gas? Weekly, after payday. When does the store sell the most 12 packs? On Friday, after the store customers are paid. This can go on and on. But across the board, convenience stores are busiest on Friday afternoon for two reasons – the weekend is starting and customers just got paid. Nearly all stores should experience at least a 5% increase in gross sales (with a fully ramped up site, NOT in the first month) and many stores will see a 15% increase in gross sales.

After hearing the benefits of check cashing and the potential revenue the logical question is **how much does this cost?**

Our pricing includes the PayPort, the pin pad and signage.

The signage package consists of 2 banners, 2 danglers, 4 stickers and 4 static clings.



Make sure the customer is aware that it will take additional money in the ATM for check cashing, especially on Friday. The average face value of a payroll or government check is \$300, and you will do approximately 50% of your weekly volume between Thursday at 4:00 pm and 11:00 pm Friday. Other very busy days are the 1st, the 15th and the 31st of the month, especially if these coincide with a Friday.

Cash Flow

With a merchant loaded ATM (the current focus) the cash flow works like this: (assume \$255.15 payroll check and a fee of 1.99%)

Day/Time	CashWorks	Retailer	ISO
Day 1 – Customer Transaction	CashWorks approves \$255.05 check from customer with \$5 fee	<ul style="list-style-type: none"> • \$255.05 check from customer • (\$10.05) To customer from cash register • (\$240.00) To customer from ATM 	
Day 1 – End of Day		<ul style="list-style-type: none"> • \$255.05 Retailer deposits check in Retailer account 	
Day 3 – Funds Availability		<ul style="list-style-type: none"> • \$255.05 Bank provides availability on check amount 	
Weekly Fee Settlement	CashWorks ACHs \$5 fee share from retailer acct on Wed Then ACHs \$2.45 to you on Thurs		

The weekly CashWorks ACH will occur on each Wednesday, and will cover the period of Saturday at 2:30 pm through Saturday at 2:30 pm. The reason for the delay is to give time for all the checks to fully clear the banking system. 100% of fees will be ACH'ed out on Wednesday. On Thursday, CashWorks will ACH the retailer's share of fees and your share of fees to you. You will then settle with the retailer.

Where will the retailer push back?

There are a few reservations the retailer may have about check cashing. Transaction time is critical, so compare our transaction to a standard payment for services with cash. First the clerk rings up the product, then totals, then asks customer for payment, customer gets wallet out, finds the bill(s) and hands the bill to clerk. Clerk rings cash in, gets change amount and gives to the customer with receipt, then clerks bags items and customer leaves. This process takes 30- 40 seconds, and with the average c-store merchandise purchase of \$3.50 and 30% margin, this transaction generates approximately \$1.00 for the store.

A check cashing transaction takes about 1 minute and generates approximately \$1.50-\$2.00 for the store, so the time is well spent. Also, see above for increase in sales and reemphasize with the retailer.

Training may also be an issue because of turnover, etc. This is where service after the sale comes in, the customer must know that you will support the product. Training is fast and the clerk's responsibilities are easy to teach – repetition is the key.

Some retailers may argue that all their phone lines are used or that they can't get another line. No Problem. The PayPort can share a phone line.

Others may say that they don't want the risk of bad checks. Again, no problem. CashWorks will cover the face value of all checks cashed through the PayPort as long as proper procedure was followed and there is no evidence of negligence or fraud. In addition, CashWorks provides a stamp for the back of each check that will route a returned check to our account rather than the retailer's account – this saves the retailer any fees for returned checks.

The retailer will have to load additional cash in the ATM. Initially the amount is not very much – an extra \$3-4 thousand on Thursday afternoon. This amount will grow with transactions, but as it does, the retailer will begin to see the effect of check cashing on store volumes.

Finally, there will probably be pushback around price. Once the retailer sees that an average transaction generates about \$5, they will want a bigger piece. One tactic is to offer a price a little less than is optimal, and let the retailer negotiate their fee up a bit, this seems to work well with some cultures who pride themselves on negotiations. If this issue comes up, remind the retailer that the fee income is all that CashWorks and you receive, while the retailer has 100% of the upside in increased sales.

The Contract

You and CashWorks have executed a Distributor Agreement that allows you to sell the CashWorks line of products to retailers throughout the country. In addition to this contract we will contract with each retailer. In addition each contract will have a sales order form, and an ACH form.

After completing the Master Services contract, please have two executed originals sent to:

TrusOne Bankcard & CashWorks

Attn: Sales

10521 N. Kendall Dr.

Suite E-106

Miami, FLORIDA 33176

1-800-301-0734

Installation and Training

Covered in a separate document.

After the Sale

You will want to review a marketing plan with the retailer at installation or prior to installation. The retailer may want to drop off a few “take ones” at local businesses or employers, and may also want to drop one in the bags with customer merchandise. It is very important to get the banners up as quickly as possible, a week to ten days prior to opening is best. The banners should be clearly visible from the street and from any direction with traffic.

Remember to contact the retailer at least a couple of times per week during the first month of operation, to make sure he is pleased with his purchase and is comfortable with the cashing checks and balancing processes.

When he begins charging fees, you may want to go by for a second visit and walk him through the balancing process one last time. This would also allow you to review the signage and determine if there are any additional signage needs.

The first two weeks of operation and the first two weeks with fees are the most critical times for the retailer and can be the most frustrating. The PayPort is simple to operate and balance, and practice is the best teacher.



Frequently Asked Questions



How is the CashWorks™ check cashing service different from other check cashing services? Most services today are built around a "bricks and mortar" solution. A stand-alone location, with trained check cashing personnel in glass-enclosed booths, is the primary method for providing this service. The CashWorks solution

requires only the PayPort™, a small and relatively inexpensive POS terminal loaded with the CashWorks software application. The consumer value exchange is accomplished by leveraging the existing debit network infrastructure already in the store. As a result, CashWorks can be installed at virtually any merchant location and permit the store to provide risk-free, convenient check cashing with no bullet-proof glass and no large kiosks.

How does a customer cash a check using the CashWorks solution? First, the customer presents his or her check and a valid ID to the store clerk. The store clerk runs the check through the check reader and the ID through the ID reader on the PayPort. The PayPort transmits this information along with the check amount and a small amount of other keyed information to the CashWorks Central Decision Engine™ ("CDE"). The CDE runs on CashWorks' proprietary system in Dallas designed by CashWorks to evaluate check cashing requests using predetermined risk evaluation criteria. Once the CDE evaluates the transaction, it immediately sends an approval or decline message. A small percentage of the transactions are referred to the CashWorks call center for additional verifications. Once approved, the funds from the check are given to the customer through one of a variety of value exchange options available to the merchant.

Does CashWorks cash any kind of check? At the present time CashWorks cashes typed or handwritten payroll checks, and government checks up to \$1,200 depending on check type.

What percentage of checks is automatically approved? More than 90% of checks are automatically approved or declined by the CashWorks system. Occasionally, however, the CDE will decide that a check needs additional verifications. In this case, the CDE will refer the request to the CashWorks Transaction Center, where a live operator will perform additional verifications within a few minutes.

How long does it take for the CashWorks process to cash a check? Typically, the time the customer spends at the PayPort to approve his or her check is less than 60 seconds. If additional



research is required by a Transaction Center operator, an additional minute or two may be necessary.

What are the Value Exchange options available to a merchant participating in the CashWorks Network? There are several ways a consumer can receive the value of their check from the check cashing process. Each merchant chooses the method that is best for them depending on their size and method of operation. A merchant can utilize CashWorks' ATM based system in which the PayPort prints a transaction number on the consumer receipt that the consumer enters into the ATM in the store to receive cash. Alternatively, the merchant can provide a CashWorks prepaid debit card to the consumer that is loaded with the value of the funds associated with the cashed

check. Finally, the merchant can simply provide cash on hand. In each case CashWorks guarantees all the checks that are cashed and provides the reporting and settlement support to allow for a smooth and simple reconciliation process for the merchant.

How much does a customer pay to cash a check? Competition in any particular market dictates variances in consumer fees but the normal fees range from 1.5% to 3% for typed payroll or government check. There is typically a minimum charge.

How much money should a merchant expect to make from offering the CashWorks solution to its customers? The merchant will receive a substantial percentage of the check cashing fees. Perhaps the greatest benefit of the CashWorks solution, however, is the sales "lift" from offering the check cashing service to the merchant's customers. Statistics show that on average; roughly 5% of the check amount will be spent while the customer is in the store. Assuming an average \$300 check and a store margin of 30%, each check cashed represents an incremental \$15 in store sales and \$5 in net margin. If 300 checks are cashed each month, this represents an extra \$4,500 in revenue and \$1,500 in net margin to the bottom line.

What is the average number of checks a merchant should expect to cash each month? Aggressive marketing of the service with signage and other promotions can significantly improve the performance of any location but most well-placed sites should ramp to between 200 and 500 checks per month. Some weaker performing sites will average less than that and some better locations can average over 1,000 transactions per month.

How can you tell if a location is suitable for CashWorks? The CashWorks solution has been engineered to be profitable at approximately 25 checks per month which makes sense for virtually every merchant location.

Does the PayPort require a dedicated phone line? The PayPort can operate using a dedicated phone line or a shared phone line. Transaction times can be effected if the line is shared with many other products. Network connectivity is also available.

What risks are assumed by the merchant who provides the CashWorks solution to its customers? CashWorks guarantees all checks and funds all returned checks except in the rare case of fraud or negligence by store personnel.

What does the merchant do with the checks after they are cashed? At the close of each business day, the store manager or designated clerk runs a Batch Report from the PayPort. This print-out will show the total number of checks cashed during the preceding business day and their face value. The store manager or designated clerk will take the checks, prepare them for deposit, and deliver them to the bank selected to hold the depository account.

How does the merchant receive payment for their portion of the fee? The merchant receives their fee as soon as the check clears with the bank which is typically within 2 business days.

What is the cost to set up the CashWorks system at a typical merchant location? The exact cost of a PayPort and related items can vary based on state configuration and signage requirements. Typically the all-in cost for signage, set up and training is under \$1,500.

What type of training is required by the merchant and/or their employees? The PayPort that is delivered to each merchant location includes instructions on how to set-up the machine, enroll a manager and clerks to cash checks on the PayPort, and step-by-step instructions for cashing checks. We recommend a brief training session for all the clerks who will use the system. The toll-free CashWorks hot-line is also always available for customer support.

What kind of marketing is required to attract customers? Because customers might not expect to receive check cashing services at many merchants, it is important to display signage and conduct store-level promotions to attract new customers. CashWorks provides the merchant with a "starter kit" of marketing including signs, banners, handouts and bag-stuffers to help inform customers of the new service. CashWorks can assist the merchant with additional signage needs and help develop more powerful promotions.

What types of reports does CashWorks provide? The CashWorks PayPort is able to print summary and detail reports for each transaction, each day, each clerk, and each customer. In addition, CashWorks can provide a comprehensive package of consolidated reporting for merchants with multiple locations. A CashWorks representative can provide more detail on individual state licensing and regulations.

What do I do if the PayPort malfunctions? The PayPort uses hardware from established manufacturers of POS terminals with hundreds of thousands of sites world-wide. The mean time between failures for the PayPort is 100,000 hours of operation and the unit comes with a 5 year warranty. However, in the event that there is a malfunction, the merchant would call the CashWorks toll-free number for assistance. The operator will help the merchant determine the problem and whether it can be fixed without changing the hardware. If the problem is determined to be a hardware malfunction needing repair, the merchant will be shipped another PayPort and asked to ship the broken PayPort to be repaired.

What states are supported by CashWorks? At present, the CashWorks solution is available in all but a handful of states that maintain more restrictive check cashing regulations.

Will the merchant need special licensing to provide check cashing services? Merchants need no special licenses for check cashing in most states supported by CashWorks. Because CashWorks is guaranteeing the checks, CashWorks is the legal entity that must be licensed to operate in most cases. However, in some states, the merchant must be individually licensed as a check cashing operator. CashWorks provides information and all support required through the licensing process.

