

The Pay41 Paradigm

Prepared for Systems41 by John Bell

Pay41 technology is differentiated by a combination of important features not available in conventional transaction systems. These features fall into three categories:

- *Architectural Security*, to ensure that all parties are fully protected during transactions and that consumer account data is never disclosed.
- *Enhanced User Experience*, for transactions that are simple, fast, convenient, and useful for Consumers
- *Transactional Efficiency*, streamlined transactions and services that are more secure, efficient, and less costly for Pay41 commercial partners.

Architectural Security

Pay41 uses strong layered security, starting with the weakest security link in conventional transaction systems, the consumer or end user. The Pay41 architecture replaces vulnerable technology and processes in conventional systems with stronger and more appropriate Pay41 technology and innovations.

The result is a safer and more efficient transaction system that offers *proactive security* to prevent, rather than simply detect, the fraud and identity theft perpetuated on consumers.

Enhanced User Experience

Innovations and technology to drive Pay41 market adoption will relate strongly to the convenience, ease of use, and utility that a Pay41 user will experience. The user experience innovations that are unique to Pay41 are summarized below.

- *Simplified User Login*: A proprietary process allows quick, easy and very secure user login without having to use and remember complicated passwords.
- *Single Sign-On*: Pay41 authenticates users for instant secure access to multiple authorized sites, such as their bank or merchant accounts, without separate logins.
- *Consolidated Information*: Pay41 technology consolidates, organizes, and displays all the user's bill invoice and account summaries – without violating financial institution terms of service as the current online “account aggregators” do.
- *Minimal Manual User Input*: Most online payment transactions require users to input over 100 keystrokes. Pay41 transactions typically require *zero* keystrokes.
- *Integrated Transaction Services*: Ordinary transaction systems provide only one basic service (payments, banking, or bill delivery), but consumers need all three. Pay41 provides them all in one well integrated easy to use application that includes additional tools for personal financial management.
- *Respect For User Privacy*: Most conventional transactions impose cross-selling and up-selling tactics, and they track and sell information about individuals. *Pay41 does not do that*. However, Pay41 lets consumers review alternative products and special deals on a case-by case basis - they directly control the cross marketing experience.

Transactional Efficiency

Financial transactions are more efficient with Pay41 than with conventional online consumer transaction systems, and Pay41's e-commerce partners will benefit greatly in terms of less risk and liability exposure, cost saving on transaction processing, and the opportunity to generate significant additional revenue for Pay41 FI partners.

- ***Push-Pay Transactions:*** Payments processed through the Pay41 system use established push-pay transactions that are secure, fast, reliable, and inexpensive.
- ***Reduced Merchant Fees:*** Pay41 streamlines the transaction process with the efficiency of push pay technology and other money saving innovations. This is expected to reduce merchant transaction fees to about half the cost of conventional payment transactions.
- ***Lower Risk And Liability:*** The architectural security of Pay41 transactions eliminates much of the risk and liability burdens that Merchants must assume with conventional transaction systems.
- ***Revenue For Consumer FIs:*** Consumer FIs typically collect no fees when they are debited to pay for consumer purchases. Pay41 Partner FIs, however, receive a share of the fees collected from merchants for facilitating their customer push-pay transactions. This opens a new revenue stream for FIs that have been losing fee revenue to alternative payment systems.

Pay41 Paradigm Feature Comparisons

FEATURES	Pay41	PayPal	e-Billme	Bank Bill-Pay	Mint.com
Architectural Security					
Dedicated Transaction Engine	✓	✗	✗	✗	✗
No harvesting of User account data	✓	✗	✗	✗	✗
Secure <i>Local, not Cloud</i> , data storage	✓	✗	✗	✗	✗
Proactive, not reactive, security	✓	✗	✗	✗	✗
Enhanced User Experience					
Simplified secure User login system	✓	✗	✗	✗	✗
Single sign-on secure multi-site access	✓	✗	✗	✗	✗
Consolidated bill and account display	✓	✗	✗	✗	✓
Minimize manual User inputs	✓	-	✗	✗	✗
Integrated Transaction Services	✓	✗	✗	✗	✗
Respect for User privacy	✓	✗	✗	✗	✗
Transactional Efficiency					
Efficient Push-Pay transactions	✓	✗	✗	-	✗
Significantly reduced merchant fees	✓	✗	✗	✗	✗
Lower risk and liability for commerce	✓	✗	✗	✗	✗
Transaction fees for Consumer FIs	✓	✗	✗	-	✗

- = Partial or limited functionality