ASX ANNOUNCEMENT
30 September 2019

Change Financial Completes Major Milestones with Development of its Payments and Card Issuing Platform

- The Company completes major milestones, finalising the development of its innovative payments and card issuing platform
- Change has received PCI DSS certification and is now a certified and registered Mastercard processor
- Change is the first Mastercard certified processor in the last 5 years and second in the last 20 years
- Onboarding of first customer to begin in October 2019

30 September 2019: Change Financial Limited (ASX: CCA) (the "**Company**" or "**Change**") is pleased to announce that it has successfully completed the build of its innovative payments and card issuing platform ("**Platform**") marking a key milestone for the Company.

Change has obtained PCI DSS certification and the Company's US banking partner, Central Bank of Kansas City ("**CBKC**") has formally registered the Company as a Mastercard payments processor.

The Platform has been designed and built as the new standard for innovative payments and card issuing. Change's payments infrastructure allows banks and businesses to develop, customise and launch innovative payment solutions under their own brand.

Change is the first payment and card issuing platform completed in the last 5 years and second in the last 20 years, following US based fintech unicorn, Marqeta Inc. The Change Platform was built from the ground up to address today's payment needs without the complexity and legacy of traditional issuer processors.

The Platform

Change's innovative payments and card issuing platform includes the following features:

Program Dashboard – manage payment programs in real-time and configure program and account settings such as transaction limits and fees charged on an individual customer level.

Data Insights Dashboard – access to data rich information customers need to understand how their programs are performing. Allowing real-time insights that support day-to-day operations and drive growth.

API Connectivity – built for connecting and exposing digital assets providing the speed customers are seeking to roll out programs and new features. This allows delivery of customers' projects faster than ever before while also building infrastructure to increase productivity.

Dynamic Controls – refine payments and authorisation controls using a variety of business rules in real-time to reduce fraud. Includes controlling excess spending and other unwanted behaviour.

Banking as a Service – fully white-labelled customer banking application that allows banks, credit unions and other providers without a mobile strategy to offer innovative mobile banking applications under their own brand.

Mastercard Processor – payment processing capability built on Mastercard's new network gateway.

Business Restructure

In December 2018, in addition to restructuring the business, the board committed to completing the build of the Platform by the end of Q3 CY2019. The board is pleased to announce it has delivered on that timeframe. The successful build would not have happened if it weren't for the hard work and dedication of the Change team led by Chief Operating Officer, Clayton Fossett.

The following table details the capability the Company has developed on its Platform.

Milestones and Features	Description
Data Insights Dashboard	The Company's data insights dashboard allows customers to get actionable data on spending patterns to drive insight and improvements with their program.

Program Dashboard	The Program Dashboard allows enterprise customers flexible customisation of their card and payments program without the need for engineering development or code deployments. Customisations can be made at any time by non-technical staff which is a unique offering in the payments processing space. As an example, the Company will provide customers the ability to block transactions from specific merchant groups (e.g. all liquor stores) down to specific merchant terminals that might be known to commit fraud (e.g. a stolen payments terminal from a café). Customers can also not allow their card to work on purchases at certain times of the day (e.g. a parent not letting their child's card work between 9pm and 6am).
Customer Support Dashboard	Change's Platform includes a dashboard that allows customer support representatives to troubleshoot and resolve issues for customers. Functionalities include the ability to change PIN numbers and account details as well as search and analysis customer account activity for dispute resolution. The Dashboard includes an automated audit function for added security, account recordkeeping and data analysis of customer and agent interactions.
Mobile Application	The Company has developed capabilities above that of incumbent payment processors to deliver a unique selling point for its technology and platform. Change's Platform includes a mobile application that can be white labelled by customers to quickly stand up their own banking application.
ACH Integration	Change's Platform is integrated with the ACH Network. The ACH Network is a US electronic payment network that processes financial transactions in large batches. This feature allows for payments to be sent to and from Change accounts to banks and credit unions across the US.
Card Fulfillment	Change is integrated with a card fulfilment house which allows the Company to provide card customisation and printing services to its customers via the Change Platform.

Interactive Voice Response (IVR)	Change provides customers customisable 'telephone banking' and account services through a partnership with a third-party provider. This feature allows users to call a telephone number and perform tasks such as checking their account balance, changing their PIN or speaking to a customer support representative.
Fraud Preventions, Chargebacks and Disputes	Change has developed superior fraud detection and prevention systems helping to catch bad actors before money is lost to fraud. This will be achieved by allowing card and app limits to be customised at every level (via the Program Dashboard), that is, the program level (all card and users of the app), sub-program level (groups of cards or users) and individual level (a single card or user). Clients will also be able to set thresholds for velocity limits such as the number of transactions their customers can make per time period (e.g. days, weeks, months) as well as transaction volume limits (e.g. no transaction can be for a purchase larger than $5,000). Working with Mastercard, the Company will also provide real-time fraud monitoring to enable a transaction-time decision on whether to approve or decline a transaction. This solution uses artificial intelligence technology to help increase the accuracy of real-time approvals of genuine transactions and reduce false declines. In addition, the Company has integrated with a third-party chargeback and disputes provider to provide certainty and de-risk the Company from fraudulent and bad actors.
Software Development and Infrastructure	All parts of the platform build have required complex software development and technical infrastructure be put in place. The Company has a number of hardware security modules (HSM) devices in data centres around the US. An HSM is a physical computing device that safeguards and manages digital keys for strong authentication and provides cryptographic processing which is used to protect customer data.

Friends and Family Testing and User Acceptance Testing (Beta Testing)	Throughout the build the Company has had ongoing in-house testing of the products and features developed. More formally, once the technical build was near complete but before certifications had been obtained, vulnerability and penetration tests were carried out and signed off. The Company went through specific Friends and Family Testing that was signed off by its partners. This included testing of card issuing, payment processing, mobile app functionality, customer support and program dashboard demonstrations and other key functionalities. Once Friends and Family Testing had been signed off by key partners the Company launched into User Acceptance Testing which required intensive end to end testing and recording of all results of platform functionality. The Company continues to receive feedback from beta testers which will continue through integration of the first customer in Q4 CY2019.
Mastercard Certification and Registration	The Company completed all test cases throughout the Mastercard Certification process. This included: • Connectivity testing; • Key Exchange testing; • Administrative Message testing; and • Transaction testing. This was a key milestone which allowed for CBKC to register the Company as a Mastercard third-party processor using the Mastercard Network Gateway Services. The Company has been working with its partners Mastercard (NYSE: MA), Discovery Financial Services' (NYSE: DFS) subsidiary Pulse and CBKC to become one of the small number of processors that is fully integrated with Mastercard's Network Gateway Solutions globally.
PCI Certification, Audits and Documentation	To allow the Company to process payments it was required to undertake Payment Card Industry Data Security Standard (PCI DSS) Certification which required a large number of tests, audits, policy and procedure documents and technical development.

According to the PCI Security Standards Council, PCI DSS is a set of universally accepted standards (developed by Mastercard, Visa, AMEX and Discover) that help protect the safety of customer data. PCI DSS sets the operational and technical requirements for organizations accepting or processing payment transactions, as well as for software developers and manufacturers of the applications and devices used in those transactions.

The Company has been certified to Level 1 compliance, which is the highest certification level. PCI audits are required and conducted annually to ensure compliance with the standards.

The Company is required to have in place more than 25 policies and procedures to satisfy its partners (e.g. Mastercard and partner banks) and the different regulatory auditors. These policies include Information Security Policy, Software Development Policy, Encryption Policy, Bank Secrecy Act and Anti-Money Laundering Policy, API Use Policy and Customer Complaint Handling Policy.

Cardholder Migration	With the completion of the Change payments and card issuing platform the Company will start to migrate customers over from the ChimpChange program to the new brand and platform UpChange. Planning for the migration has been happening over the past several months and the Company has leveraged its experience from previous program migrations. The Company expects that the ChimpChange program will be formally terminated in Q1 CY2020.
Agreements	The Company has a number of contracts and agreements with a number of partners and providers including but not limited to CBKC, Mastercard, ATM networks, card fulfilment houses, chargeback and dispute service providers and data centres.
Current In-Process Development	The Company is working on a number of functionalities and initiatives that it will roll out after the launch of its platform with its first customer.

Functionality currently in development with a post launch roll out include: |

- Original Credit Transaction (OCT) integration to allow real-time push payments to debit card holders;
- EMV functionality to allow chip authorisations across payment networks;
- Contactless payments (e.g. PayWave);
- Ability to allow clients to offer instant issue cards (e.g. the ability to give cards to their customers on site at a store location);
- Virtual cards on demand. Virtual cards are an alternate and sometimes temporary 16-digit card number that allows customers the ability to make online purchases without the need for a physical card. These cards can be issued immediately to customers on their devices (e.g. after registration via the app); and
- ApplePay, SamsungPay and AndroidPay.

Forward Focus

The Company will now turn its attention to commercialising the Platform. The first stage of the commericalisation process is onboarding its first customer which will start in October 2019. The board will then formulate a broader go-to-market strategy to capitalise on the massive market opportunity in the USA.

Change will initially target more than 7,000 FDIC (Federal Deposit Insurance Corporation) banks, 6,000 credit unions and a host of innovative players in the financial services arena across the US with innovative mobile banking services. The addressable market in the US is approximately a US$50 billion market in 2019, growing at approximately 20% per annum through to 2025.

The Company looks forward to providing further updates on the commericalisation activities over the next 6 to 12 months.

For more information, please contact:

Phone:	+61 7 3532 6990
Email:	investors@changefinancial.com
Web:	www.changefinancial.com

About Change Financial

Change Financial Limited (ASX: CCA) is a US-focused fintech company developing innovative and scalable payments technology to provide solutions for businesses and financial institutions. Change Financial is building a Mastercard registered enterprise payments and card processor, in addition to its award-winning consumer digital banking platform.

To learn more, please visit: www.changefinancial.com