

New Financial Infrastructure for the New Economy



1. WHO WE ARE

Transactions	2
Turnover	2
Network	3
Portfolio Providers	4
Portfolio retailers	5

2. WHAT WE DO

What We Do	6
What the bank system is needed for?	7
Requirements of the New Economy	8
The modern Bank system does not satisfy the New Economy requirements	9
The New Economy needs a less costly financial infrastructure	10
Some New Economy needs cannot be met without the less costly financial infrastructure	11
Cost of scratch card production and distribution infrastructure	12
Small Payments	13
Secure technology	14
Delivery channels 1	15
Delivery channels 2	16
Using the CyberPlat Mobile Payments Technology	17
CyberPlat System	19

3. WHY IT IS POPULAR

Mobile communications coverage	20
Children generate incoming traffic from parents	21
Why are children just as important as clients? Children – advanced users	22
Why are children just as important as clients? Children are growing fast	22
Digital divide	23
Fixed value – inconvenient for retailers	24

4. WHAT BENEFITS WE OFFER

4.1 Benefits for mobile network operators

New client market	25
TOP-UP vs Silence period	26
Sales of content	27

4.2 Benefits for retailers

Low cost for collecting money	28
Change to the phone	29
Change to the phone – Like the Japanese «change to the card»	30
Change to the phone – reducing the hard money turnover	30
Customer flow and income increase	31
Profiting from co-branding	32

4.3 Benefits for clients

Convenience	33
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4.4 Benefits for the country and society

Social partnership with government	34
Pre-eminence in political campaigns	35
Increase of GDP	36
Time saving	37
Economizing on hard money production	38
Solution for parking payments	38
Infrastructure and education	39

4.5 Benefits for banks

Processing and settlements	40
Optimization of payments	41
Internet banking	42
Remittance integrator	43
Use of terminals	44
Conclusions	45

4.6 Benefits for other service providers

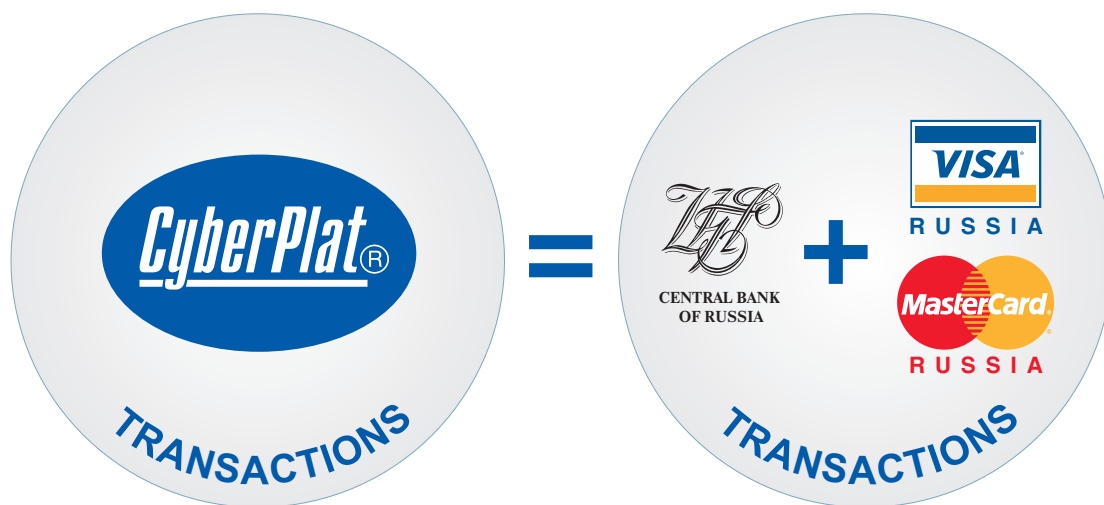
What can we offer to Internet providers	46
What can we offer to Housing and Public Utility Services	47
TOP-UP vs scratch cards – major benefits	47
Brief description of the system's main goals	48

WHO WE ARE

TRANSACTIONS

First of all, some details about CyberPlat's success:

We process 1.5 billion transactions every year. Is that a significant figure? This is how much the Central Bank of the Russian Federation process together every year, plus all the MasterCard and Visa transactions processed yearly in Russia.



TURNOVER

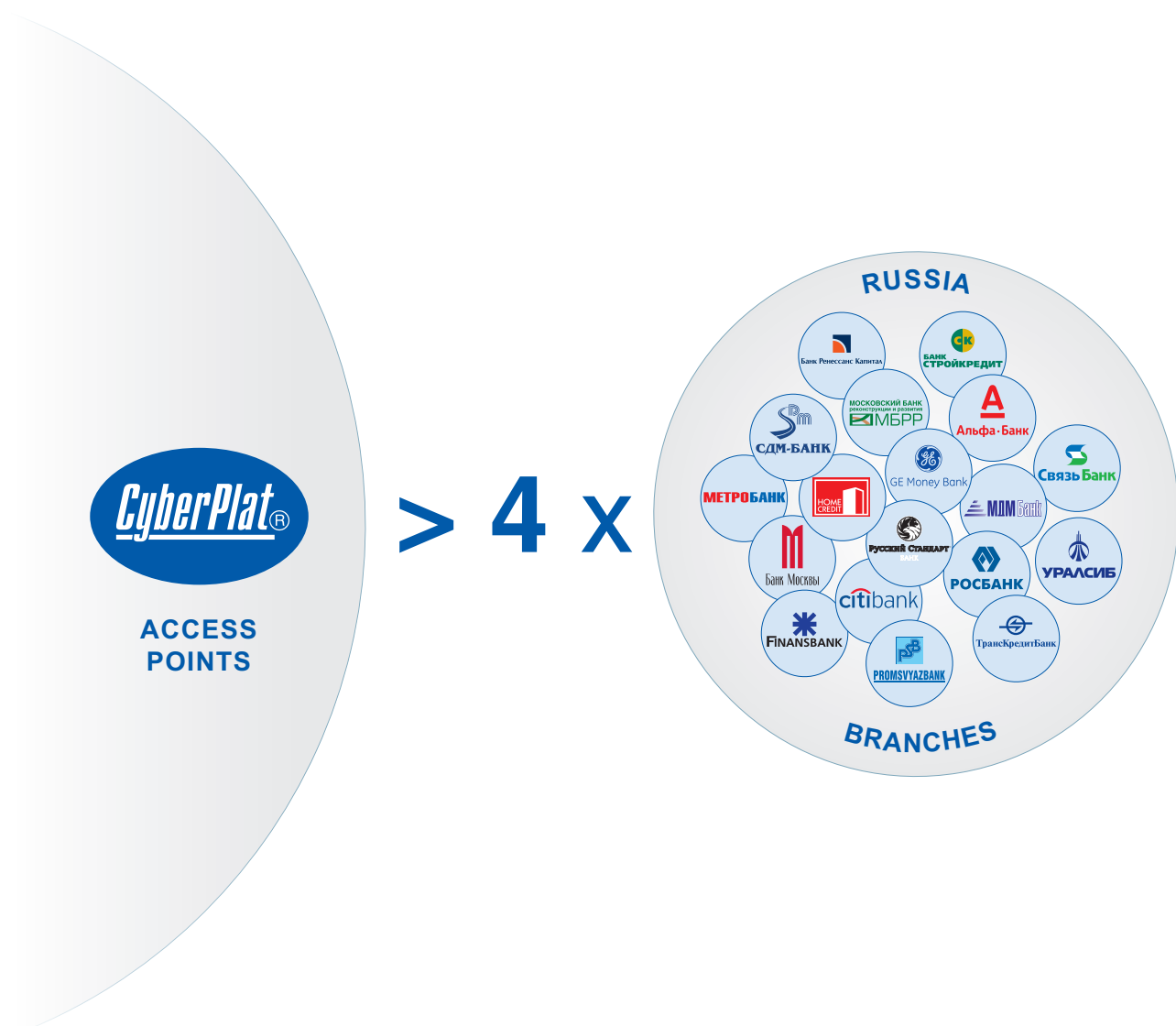
In 2008, our total turnover amounted to \$6.5 billion. This is about 25% of the total revenue of the entire Telecom industry. We collect 25% of the proceeds of such large operators as MegaFon, MTS, or Beeline. We are their largest partner. Considering this, it is important to note that, by the end of 2008, the entire mobile communication market in Russia received around \$22 billion. This is the fourth largest market among the global mobile communications markets.



NETWORK

There are **400 thousand locations** which use our service where 230 thousand are in Russia and CIS and 170 thousand are worldwide. These include the acceptance points under a large agreement concluded with Western Union, which allows us to receive payments for Beeline, MTS, and MegaFon in any part of the world, in any significantly large city, at the Western Union locations connected to the Quick pay system. The use of Western Union allows paying for mobile services, and the money will then be transferred to the account in the online mode.

We also have 200 thousand locations throughout Russia. In order to understand how significant this number is, one must consider the fact that this amount is four times greater than the entire banking system of Russia. The total number of branches of the banks of Russia counts a little over 50 thousand locations. We have 200 thousand locations, i.e. our infrastructure is four times larger than the traditional financial infrastructure in Russia.



PORTFOLIO PROVIDERS

91% of our transactions are mobile top-up (cash to mobile account) transactions. But this does not mean that we operate purely with mobile telephone companies. We are also engaged in the field of billing payments, fixed lines, satellite TV, collection of payments for government services, etc.

OPERATORS UTILITY AND OTHER SERVICE PROVIDERS



PORTFOLIO RETAILERS

A detailed scheme of our business is presented on the next page, which describes, on the one hand, which providers are connected to us, and on the other hand, via which retail chains we collect payments.

It is worth while pointing out one more time the fact that our business is not purely the formation of our own locations for the collection of money. We only offer this service to ordinary retail chains, for which it is very convenient, as it significantly increases the traffic of clients through each outlet.

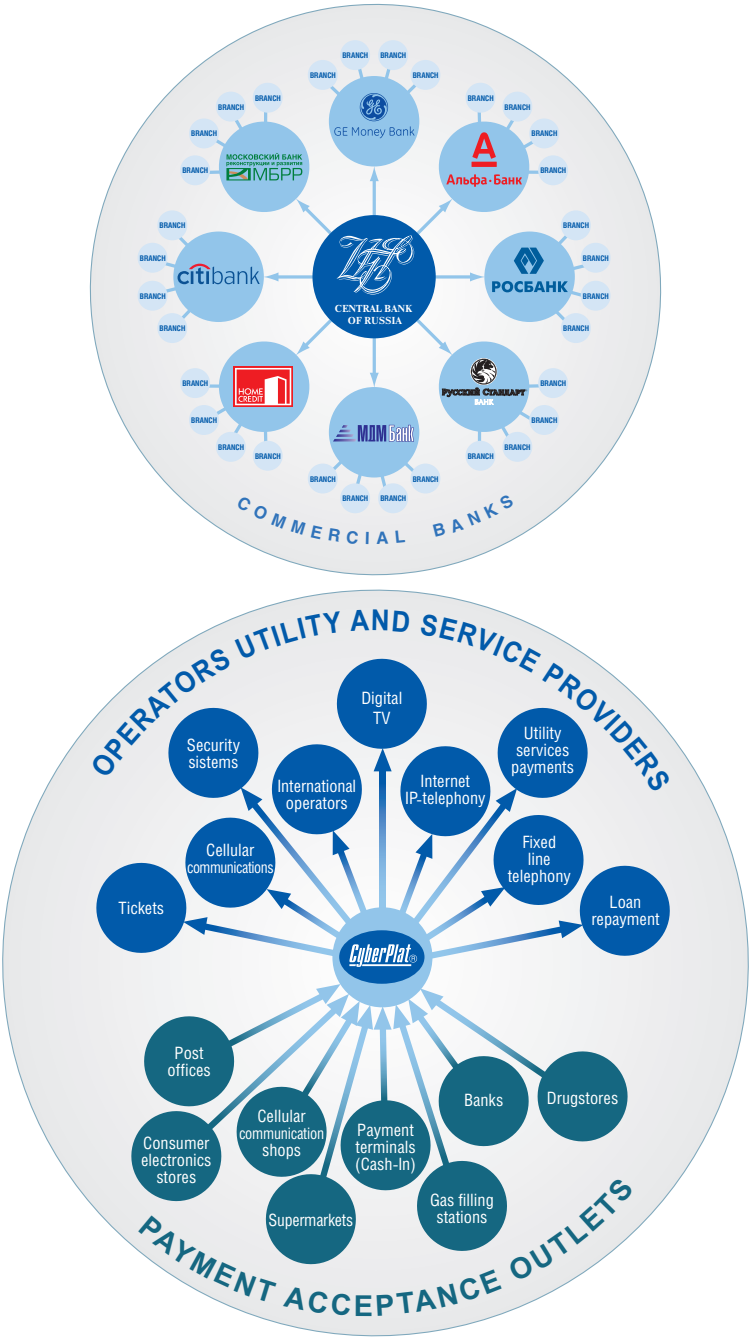


PAYMENT ACCEPTANCE OUTLETS (RETAIL STORES, GROCERY STORES, etc.)

WHAT WE DO

Essentially, our business is the processing of top-up for mobile telephone operators and creation of a new financial infrastructure.

We believe that any country of the world needs a new financial infrastructure to supplement the traditional one. Presently, the traditional economy is supplemented with the rapidly growing so called «New Economy».



WHAT THE BANK SYSTEM IS NEEDED FOR?

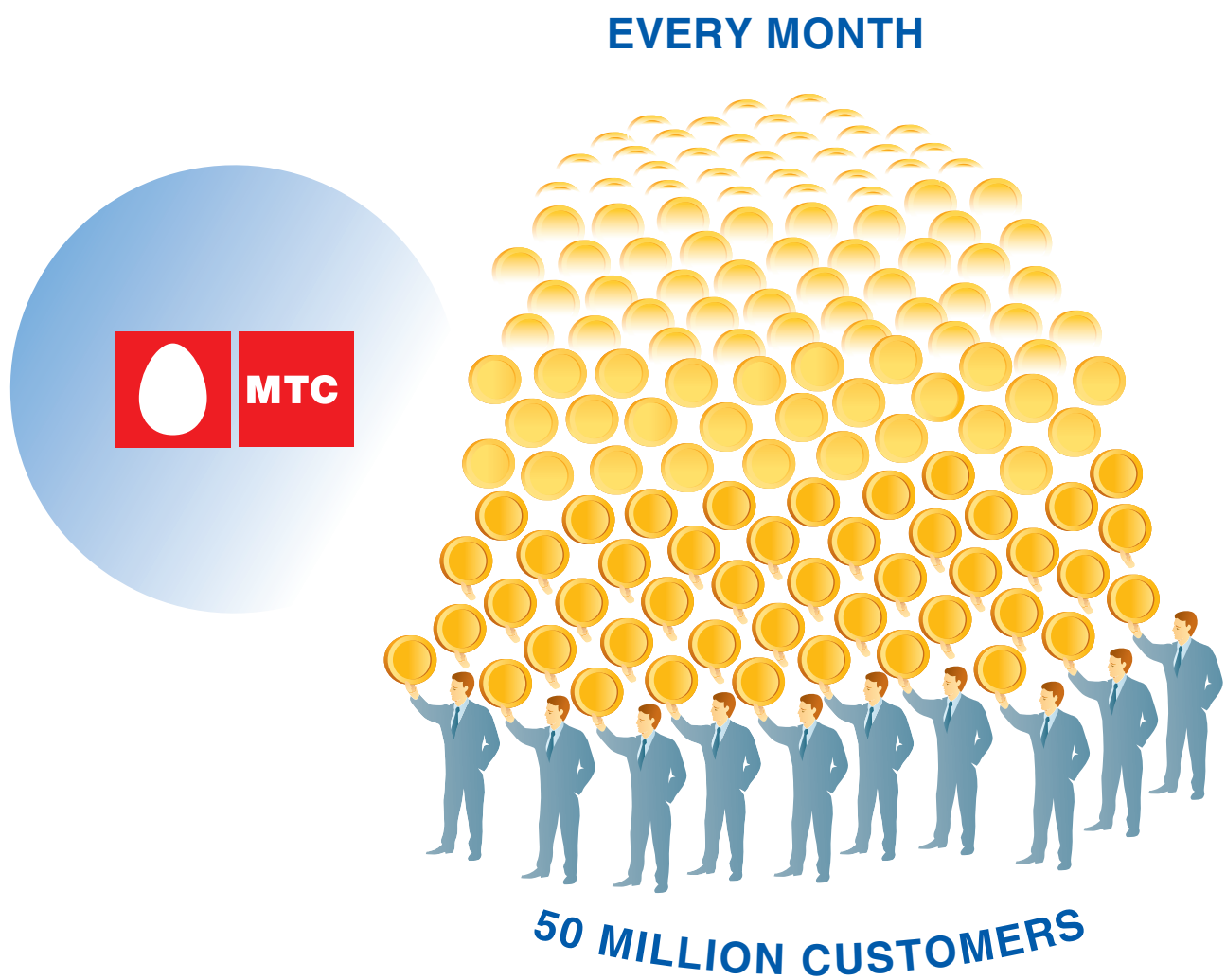
We are fully aware of the fact that trade can only exist when there is a well-developed banking network. When a retailer sells a product, he in turn must somehow receive the money for it, i.e. the so called universal equivalent, in order to avoid any barter. However, the existing banking system is not set up for small transactions. Banks have been traditionally in use since the 15th century as a place for the safe storage of money as well as the transfer of large amounts of currency. This is why banks have strong walls, bulletproof windows, armed security guards, and highly professional personnel.

Due to these reasons the prime cost of a retail transaction in the bank is rather high. This is the type of transaction where a person enters the branch, gives cash, explains where his payment should go, and then the money is accepted from him and the payment is made. The prime cost of this operation is at least 1 dollar.



REQUIREMENTS OF THE NEW ECONOMY

On the other hand, the new economy is mainly characterized by the availability of service companies, such as the Telecommunications Industry, all of which have an enormous number of clients. We are talking about tens of millions of clients, and each of them pays 3-5 dollars every month. Thus, for example, the ARPU (average revenue per user) in mobile communications in Russia is 5 dollars.



A lot of small (micro) payments

THE MODERN BANK SYSTEM DOES NOT SATISFY THE NEW ECONOMY REQUIREMENTS

Correspondingly, if such a client comes to a normal bank branch (apart from the fact that there are several tens of millions of clients for these meager 50 thousand locations) then the prime cost of service for such a client will be around 1 dollar plus the margin (something has to be earned). Thus, that will amount to something around 1.5 dollars, i.e. 30% from 5 dollars, which is the commission, that is truly unacceptable for anyone. Therefore, it is important to form a new, more cost-effective, financial infrastructure for such small payments. For example, a cashier in a store has a salary much less (around 5 times less) in value than that of an average bank clerk. There are no armored walls there, no vaults, and, if you think about it, no vaults are needed for payments of 3-5 dollars. The average payment using the CyperPlat system is 4 dollars. In Moscow it is slightly over 10 dollars. Throughout the regions of Russia it makes 3 dollars. Ukraine: 2.5 dollars. Uzbekistan: 1 dollar.

It is obvious that such payments cannot be performed in great numbers in Uzbekistan without the formation of a new financial infrastructure. This means that there would be no access to most of users in the new economy, and, the other way round, people would not be able to use digital services. This is a serious division of society into classes which is termed as «Digital Inequality».



THE NEW ECONOMY NEEDS A LESS COSTLY FINANCIAL INFRASTRUCTURE

In other words, the main conclusion we can draw is the following:

If the new economy is going to develop, a new financial infrastructure is necessary. It does not mean that it will replace the existing financial infrastructure. It will have its own niche. It can be presumed that this niche will still be acceptable for payments of up to 50-100 dollars. It will operate outside the regular banking system but, in any case, the development of the new economy does require it. Moreover, without the creation of such a financial infrastructure, new economy will not be developed depthward. Presently, the new economy is based on those businesses which give 3, 4, and 5 dollar ARPU.

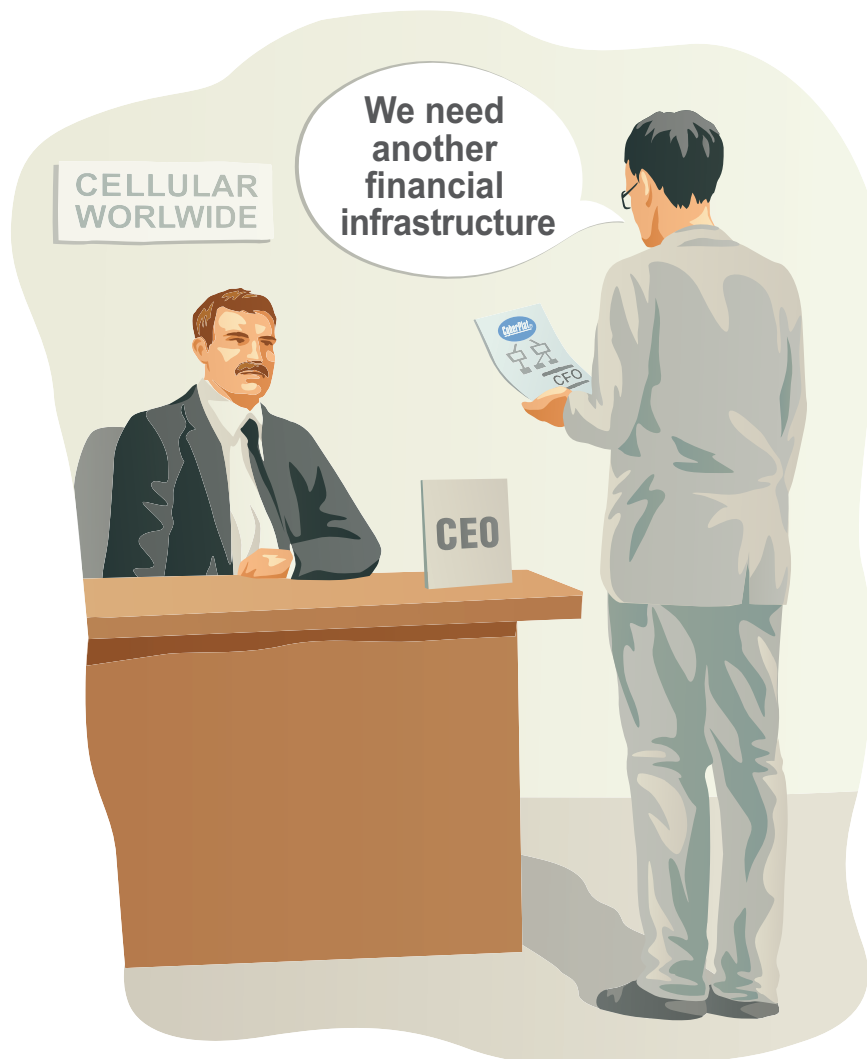


SOME NEW ECONOMY NEEDS CANNOT BE MET WITHOUT THE LESS COSTLY FINANCIAL INFRASTRUCTURE

It is obvious that there are such types of activity as iTunes that would happily thrive on payments of less than 1 dollar. So, it seems possible to sell trendy pop-group songs at a price of 0.5 dollars, a quarter of a dollar (25 cents), etc. This could perhaps go over really well with the population of the world. For example, let's say that Madonna sings a song that everyone loves, and now they want to have it on their mobile phones. Why not sell this song for a quarter to every second person on the planet? There is simply no such business for this right now! Besides, such a business cannot exist when there is no corresponding system for the collection of money. The same applies to other kinds of services that sell intellectual content.

It is not only a sphere of entertainment. It could be access to Google Earth, services that assist businesses, chargeable enquiries, etc. Let's assume that Lexis/Nexis systems (a large enquiry system in the Internet) can now be accessed only on the basis of a monthly fee of approximately \$50. Using the new option one just needs to pay 1 dollar, find the desired information, and then disconnect.

This would give a real boost to the development of the so called new economy.



COST OF SCRATCH CARD PRODUCTION AND DISTRIBUTION INFRASTRUCTURE

This is the first reason. Correspondingly, that is why this infrastructure is truly essential for providers. It allows the coverage of all the layers of society. Using the post paid method of payments, it is possible to cover only those who have bank accounts, and in those countries where direct debit of accounts is permitted.

The Telecommunications Industry created a financial product which is called «scratch card» intended specially for people in the average layer of society. They are relatively expensive to make and they have to be produced. The productions of each scratch card costs at least 20 cents. However, they allow the coverage of the 5 to 25 dollar market sector. These are the payments which are unprofitable if carried out through banks.

COST OF SCRATCH CARDS PRODUCTION AND DISTRIBUTION INFRASTRUCTURE

Face Value	Production Cost	Retailer's Margin	Cost of Proceeds Collection from Low-income People
\$ 15	1%	7%	8%
\$ 10	2%	9%	11%
\$ 5	4%	10%	14%
\$ 4	5%	12%	17%
\$ 3	10%	18%	28%
\$ 2	20%	15%	45%
\$ 1	30%	30%	60%

SMALL PAYMENTS

Again, it is not possible to go lower than 5 dollars with the use of a scratch card, because if you go below 5-4 dollars, the prime cost becomes critical and then begins to exceed the aforementioned 30-40%. Thus, in order to cover the poorest layers of society (children, migrant workers, poor people, or average layers of the populations throughout African and Asian countries), it is crucial to use inexpensive methods for collecting money.



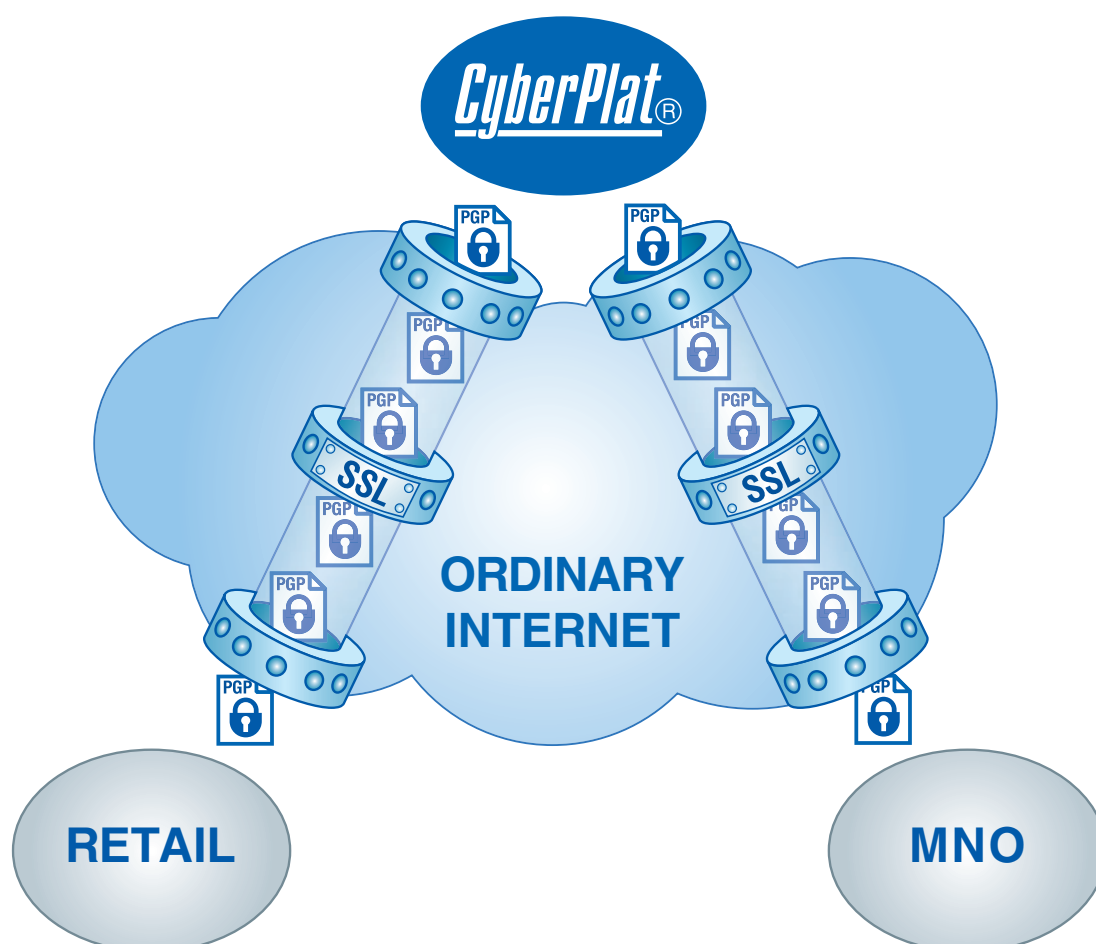
People with low income usually have less than \$2 of pocket money

SECURE TECHNOLOGY

Any electronic signal sent from electronic devices for global billing goes via generally accessible communications systems. Our system works exactly like that. We are connected to each provider through the Internet – through the common, ever popular Internet. This could be a dedicated line, dial-up, or common GPRS.

With each such transaction we establish a SSL (secure socket layer) connection, through which we transfer files of one kilobyte in size, which are encrypted and signed by an electronic digital signature. First of all, the size of the file is very small and this allows the use of any kind of Internet connection, even a weak one. In addition, the reliability of such transfers is very high (with use of a 512-bit key), and for 5 dollar payments it is more than sufficient. For ten years of our operations, we have not had a single instance of fraud. We believe that if there were no cases of fraud taking place in Russia, then there should be no cases of such fraud anywhere throughout the world. We see that it's theoretically impossible to hack our system. Even, if there will be extreme computing capacities that are able to crack 512-bit keys, we will then quickly transit to 2048-bit keys and leave this problem behind us for at least another 20 years.

Now you have an idea of how it all works and how both operators and retail chains get connected.



DELIVERY CHANNELS 1

We have 6 main sales channels through which the top-up operations are performed: two of them are without the presence of a cashier, and the other four are cashier-operated.

Without the presence of a cashier:

1. ATM (automatic teller machine). Insert card, enter PIN-code, choose the operator and the amount, and the card is charged in favor of the selected operator.
2. Cash-in self-service terminal (kiosk), which became popular, for example, in Russia. The operation is the same but the cash acceptor accepts banknotes. These methods are very relevant in developed countries where the salary of a cashier is high enough so that it is more profitable to have an automated machine processing transactions instead of a cashier, which would cost, in this case, 20 thousand dollars (considering the necessary physical infrastructure) versus 4 thousand dollars for a terminal.

AUTOMATICAL (WITHOUT CASHIER)



- through payment terminals (self-service cash-in kiosks);



- through ATMs;


DELIVERY CHANNELS 2

If we take a developing country (for example, Vietnam) where the salary of a cashier is less than 300 dollars, then the installation of such cash machines cannot be justified, as a Vietnamese man with a Java-enabled cell phone with our software installed can do the same thing but it will come out to be much less expensive in terms of prime cost.





Correspondingly, we have a wide range of machines for those cases when a cash register operator is in place:

1. The simplest one: a normal PC running our payment module.
2. There are special solutions for smart cash machines. We recommend the use of this solution in supermarkets.
3. There are ordinary POS terminals running the corresponding software that allows them to transmit signals.
4. Finally, as the simplest option, we have a solution for an ordinary mobile phone, with the module being installed via a Java program. It allows the transmission of payments in exactly the same way.

The Java software module on the mobile phone works as follows. Download the free program (which is only 180 kilobytes) from the Internet. You need to install the crypto keys only once and it will take some time. This is required to make sure that no one has copied your signature and accessed your account from which you make payments.

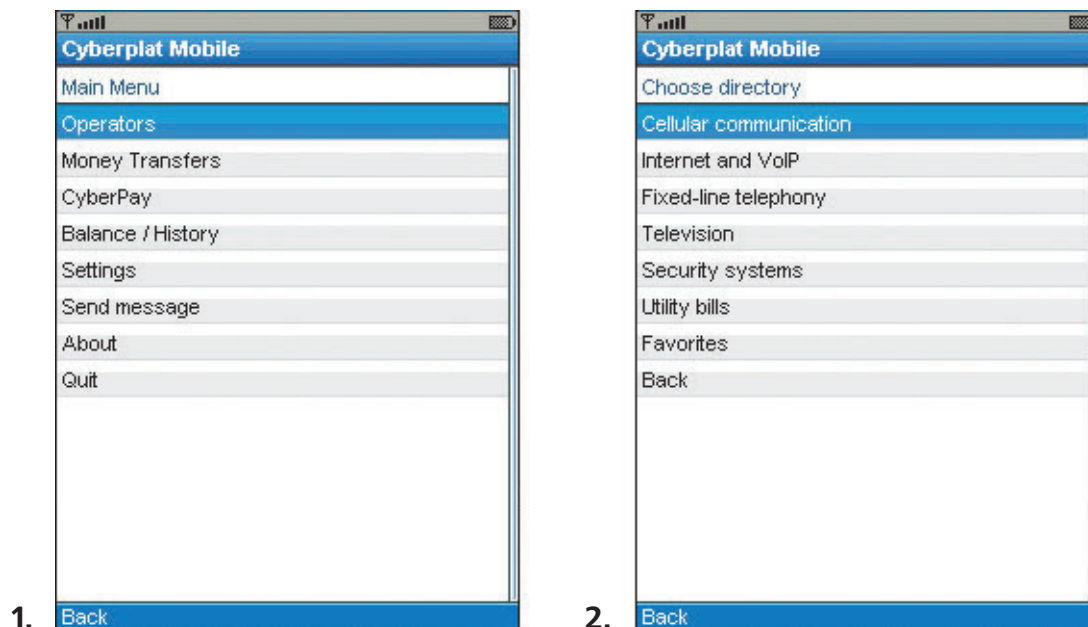


WITH CASHIER

	<ul style="list-style-type: none">• through a cashier (e.g. cashier of the dealer company) who uses an Internet-connected PC (or even a smartphone) and effects payments through the CyberPlat® web-site;		<ul style="list-style-type: none">• through POS-terminals;
	<ul style="list-style-type: none">• through a cashier who uses an automated cash register (e.g. in a retail chain store) — in this case interaction with the CyberPlat® payment system is carried out through the trading company server;• using other hardware.		<ul style="list-style-type: none">• using a smartphone;• using any Java supporting mobile phone;

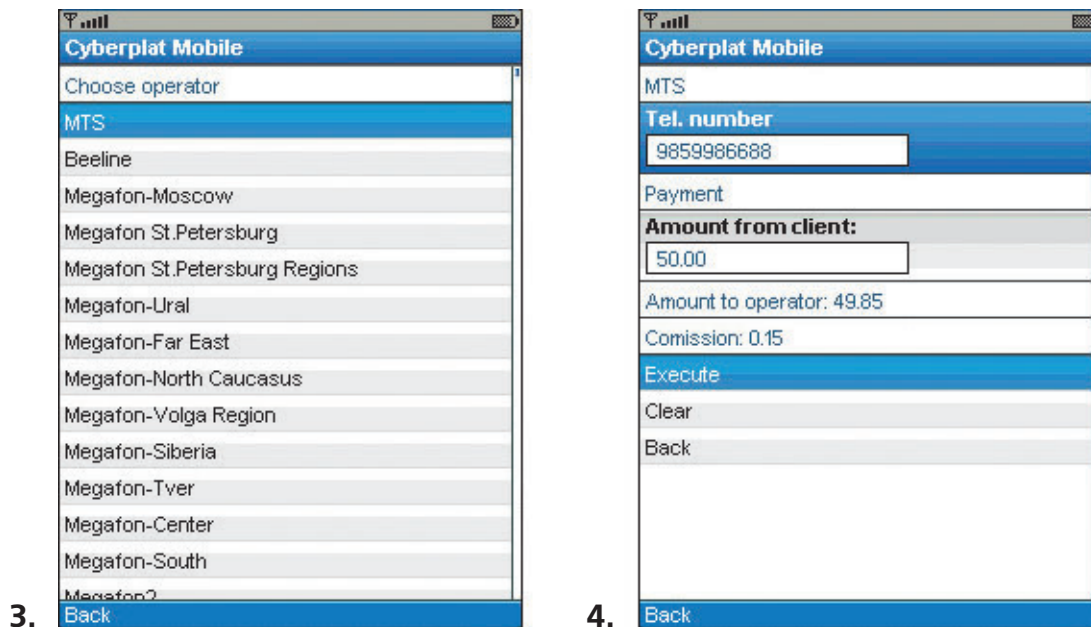
USING THE CYBERPLAT MOBILE PAYMENTS TECHNOLOGY

Everything is done in a very simple way. Go to the menu. Here you have «Operators,» «Balance,» «Settings,» and «Send a Message.» Select «Operators» and you will see such options as «Mobile Communication,» «Internet,» «Non-Mobile Communications,» «TV,» and «Security.» Now select «Mobile Communications.» The phone shows you all the operators that are accessible. After you have selected the desired item, you are asked to key in the telephone number and the amount of payment. So, we enter the telephone number, and we want to send just a small amount to show you that it is possible to send even the tiniest payments using this method.

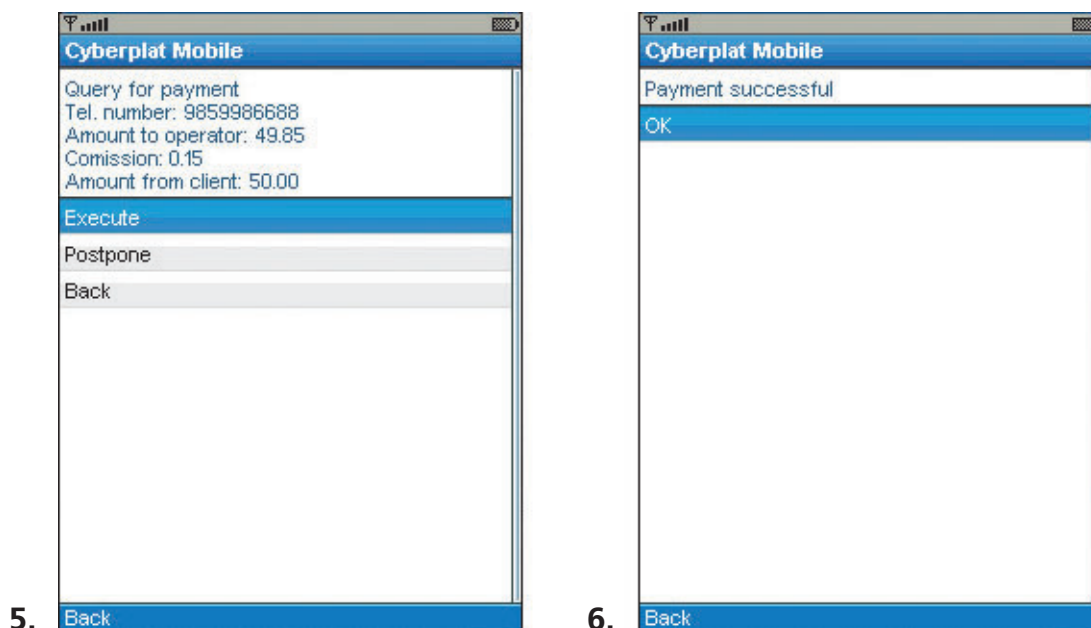


Let's say that a person comes to a retailer. He just paid 49.85 dollars with a 50 dollars banknote. He should receive 15 cents as change. Most times, the customer does not really need to receive this petty change, and the retailer rarely has the correct change. Instead, the customer could say: please, transfer this change to my mobile phone. The cashier enters the amount and presses «Execute».

Thus, we see the client's telephone number, the sent amount which is being paid to the client, and the amount which will be deducted from the retailer's account. In other words, the retailer will even make some money on this.

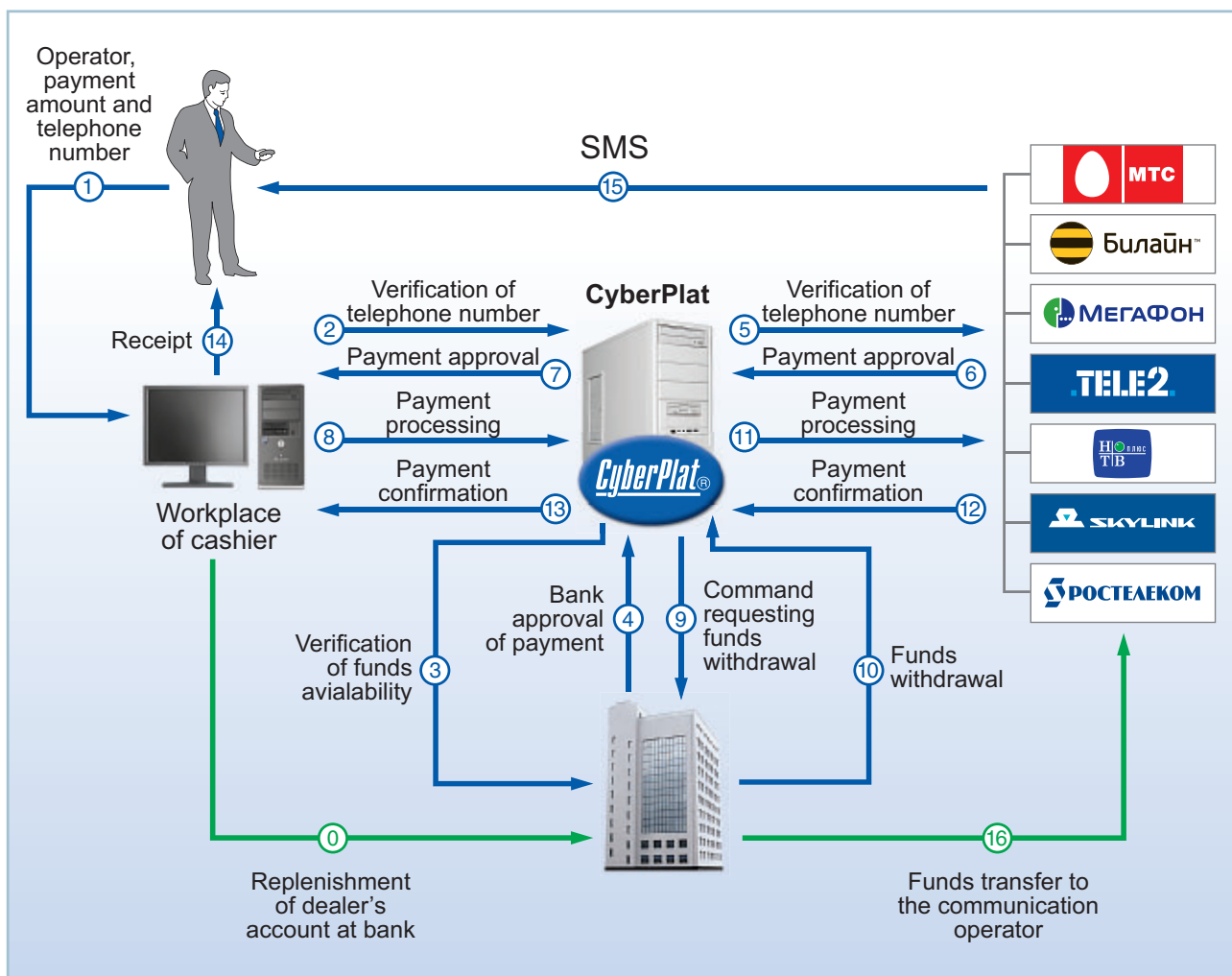


The telephone is connected to the Internet. First of all, one should verify the settings. The customer's telephone number is verified too, i.e. it is verified if such number really exist in the provider's billing system. Then the payment itself, followed by the verification of the payment, takes place. Here the following message is received: «payment has been received.» This means the phone's account has already been topped up. After some time the operator will create an SMS message and send it to the subscriber. If the mobile operator processes SMS messages efficiently, the message will be received in a very short time.



CYBERPLAT SYSTEM

Of course, we have videos which we can download from the computer and you can download them from YouTube. Using the key words you can find and see all the videos which show you how to make payments through cash in terminals, how to pay via ATM, and how the money flows through the entire structure.



WHY IT IS POPULAR

MOBILE COMMUNICATIONS COVERAGE

So, let's talk about the global reason why our business is popular, for example, in Russia. First of all, it allows more than 100% coverage for mobile communications. Even the poorest child in a poor family here in Russia uses a mobile phone. Official data on the coverage of mobile communications shows this to be 133%. This is if you count the number of SIM-cards sold. Of course there are people who have several mobile phones. As a matter of our experience, we can positively say that the actual use of mobile communications is 95%. How is it possible that every child uses mobile communications?

It happens because that child has the ability to transfer his, perhaps meager, pocket change to his mobile account. This is the same possibility that allows him to use inexpensive services. Here in Russia after the creation of our system, several million low income, young subscribers began using the system, as they are all able to afford spending 0.5 dollars a month necessary to use mobile communications. Some non-federal operators offer the possibility of sending 100 SMS messages for only 0.5 dollar. Children almost never use regular voice calls, but they do use SMS for communication.



CHILDREN GENERATE INCOMING TRAFFIC FROM PARENTS

This is why they are very interesting clients for mobile communications operators, in the sense that they generate significant incoming traffic because it is their parents who call them. Every parent calls his or her child with questions such as «Where are you?» «When did you get home from school?» «Did you eat?» «How are you feeling?» «Have you done your homework?» etc.

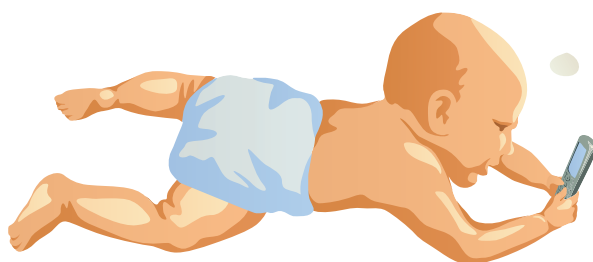
These parents use voice communications and create NEW real traffic, which brings the communications providers NEW real money. This is the first thing.



WHY ARE CHILDREN JUST AS IMPORTANT AS CLIENTS? CHILDREN – ADVANCED USERS

Children are very good at using the whole range of digital services. Every child, even the child of a highly qualified electronics expert, knows twice as many functions of a mobile phone than the electronics expert does himself. Children are truly advanced users.

Children are free advertisers who tell their families and friends how to use the new service (and they do this for free!). This is because they boast to one another.



**I know more
mobile function
that my dad!**

CHILDREN ARE GROWING FAST

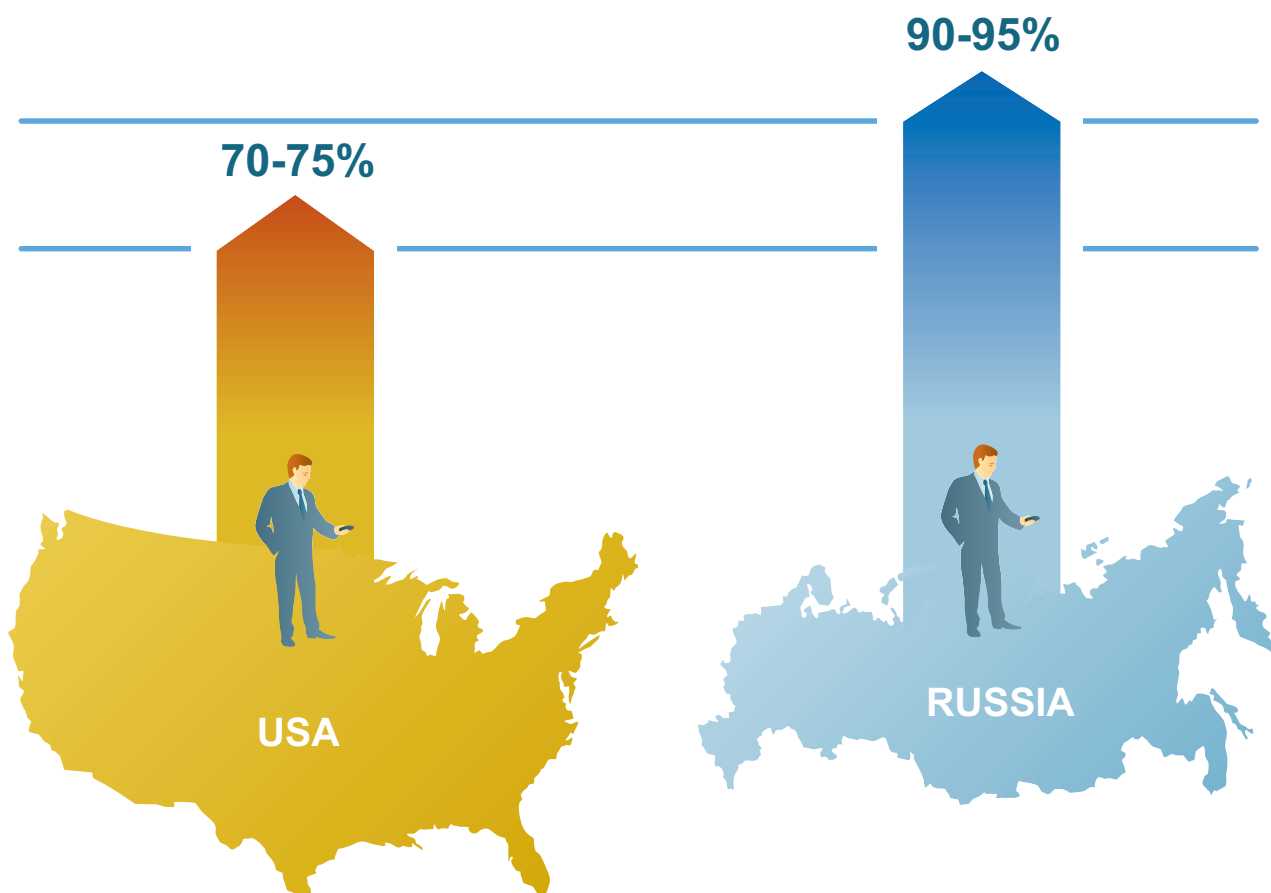
Finally, it matters to everyone that children grow up. In reality, children grow very quickly and in some 5 or 7 or 10 years they become adult users who pay decent money. Client acquisition then takes place at a young age, which will result in, we believe, true ongoing brand loyalty.



DIGITAL DIVIDE

Of course the problem of digital inequality has been resolved. Our country has no problem with digital divide (inequality). Everyone uses digital services. Such division does exist in some countries where we have no presence yet. Even in rich countries (for example, the USA) real coverage of mobile communications is around 70%. Around 100 million Americans do not use mobile phones because they do not have enough spare money to pay the minimum charge of 15 dollars. There are no services in the USA that allow clients to top up with less than 15 dollars. For immigrant children, or simply poor people, this is big money which could last them for a while.

Very important – a huge difference between our system and their methods is in our system's convenience for retailers. In Europe and America top-up systems that are currently in use work on the fixed value principle. This means they provide an opportunity to pay only with fixed amounts, usually 5-10-20 Euros.



Mobile phone real using penetration

FIXED VALUE – INCONVENIENT FOR RETAILERS

The use of such a service (see above) is inconvenient for retailers. When a customer approaches a retailer and asks for 5 Euros to be put onto his account, this means that the retailer will get 5 Euros from the client plus commission (10-20 cents). However, the client usually does not have these coins on him at the time, as they are not convenient to use and carry around. The overall time for carrying out this transaction sharply increases. For the retailer, it is much more convenient to receive 5 Euros and then send 4.92 (depending upon the commission plan). The most important factor that our system brings in is that of convenience for the retailer. This is why it is so popular amongst retailers, and this is why retailers develop this service.



This is the global difference of the micro flexible top up from fixed value systems

WHAT BENEFITS WE OFFER

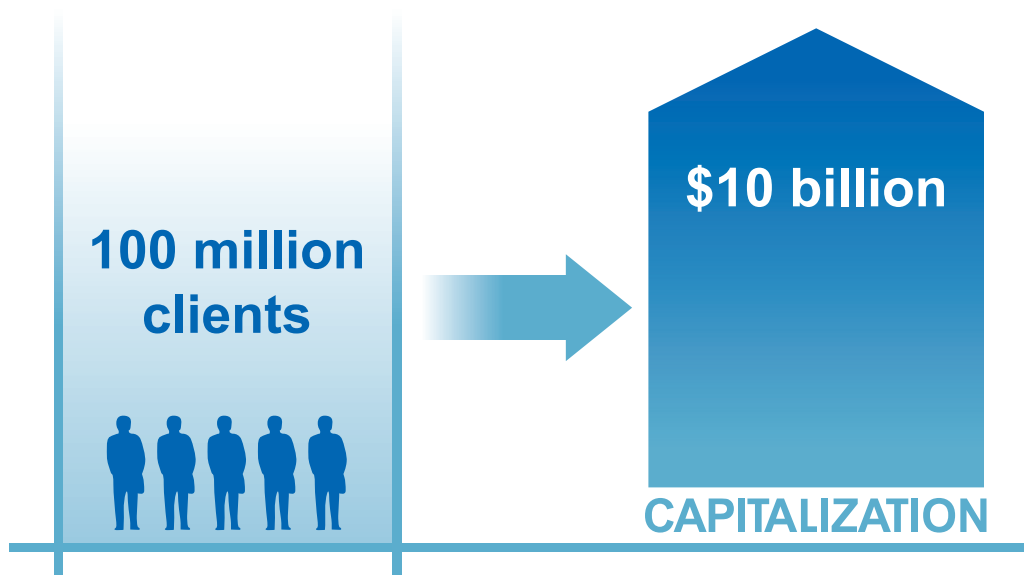
What, as a result, does this system give to:

- Mobile Network Operators
- Retailers
- Clients
- Country and Society
- Other market participants
(Banks, Internet providers, Housing and Public Utility Services, etc.)

BENEFITS FOR MOBILE NETWORK OPERATORS

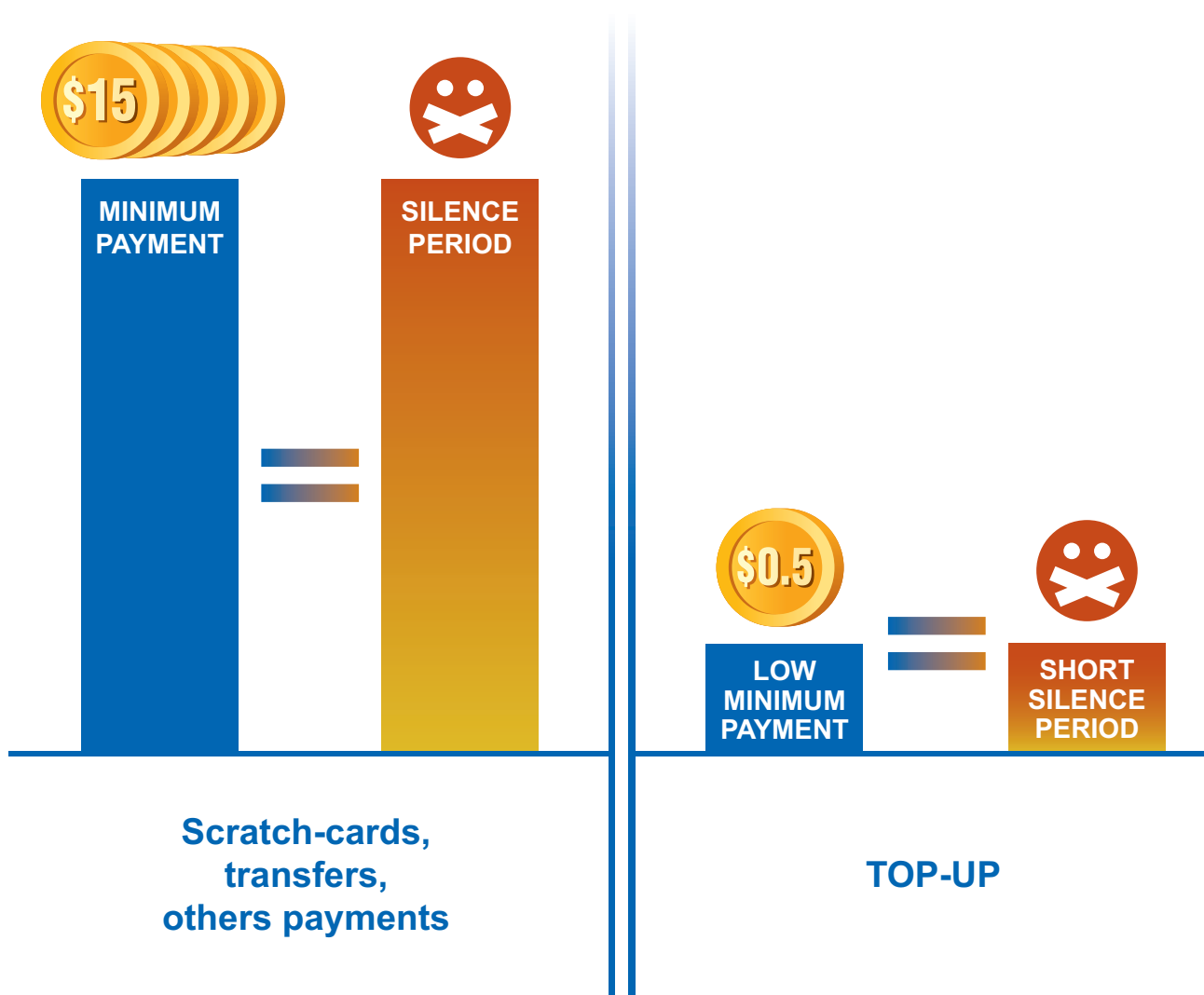
NEW CLIENT MARKET

For the operator, most importantly (if we are, for example, talking about the USA), it opens up a new client market of 100 million people. 100 million clients obtained by any company will provide a capitalization of at least 10 billion dollars. This is true due to the fact that children, poor people, and various migrant workers will be connected. Once again we would like to stress, that even if they merely make a small number of calls, they will generate a decent volume of incoming traffic. Parents calling their children, an employer calling its migrant workers, asking, for example, «Why were you not at work yesterday?» Or perhaps, «You left your workplace messy». We are not sure what homeless people talk about, but they all certainly use mobile communications.



TOP-UP vs SILENCE PERIOD

Besides obtaining new clients, the quality of current clients is enhanced. This means that the so called «silence period» is reduced. This is true when a client runs out of money on his mobile account. His connection is then lost and because of this he cannot continue to talk until the moment he adds 15 dollars (he must save up the money) to his account. The client simply does not use the service for some time. This is the «silence period». All operators are very well aware of this. On the other hand, we offer a way to smoothen this out. The client can top up with only 0.5 dollars, but after that he is able to talk again. After that, he will realize that he needs to top up some more. This «silence period» is therefore considerably reduced.



SALES OF CONTENT

And of course, as we already mentioned, operators can develop services, e.g. sales of some super cheap content – ringtones, popular songs, etc. Since today is the era of mobile phone video, these can also include music videos, small movies, or access to additional services.

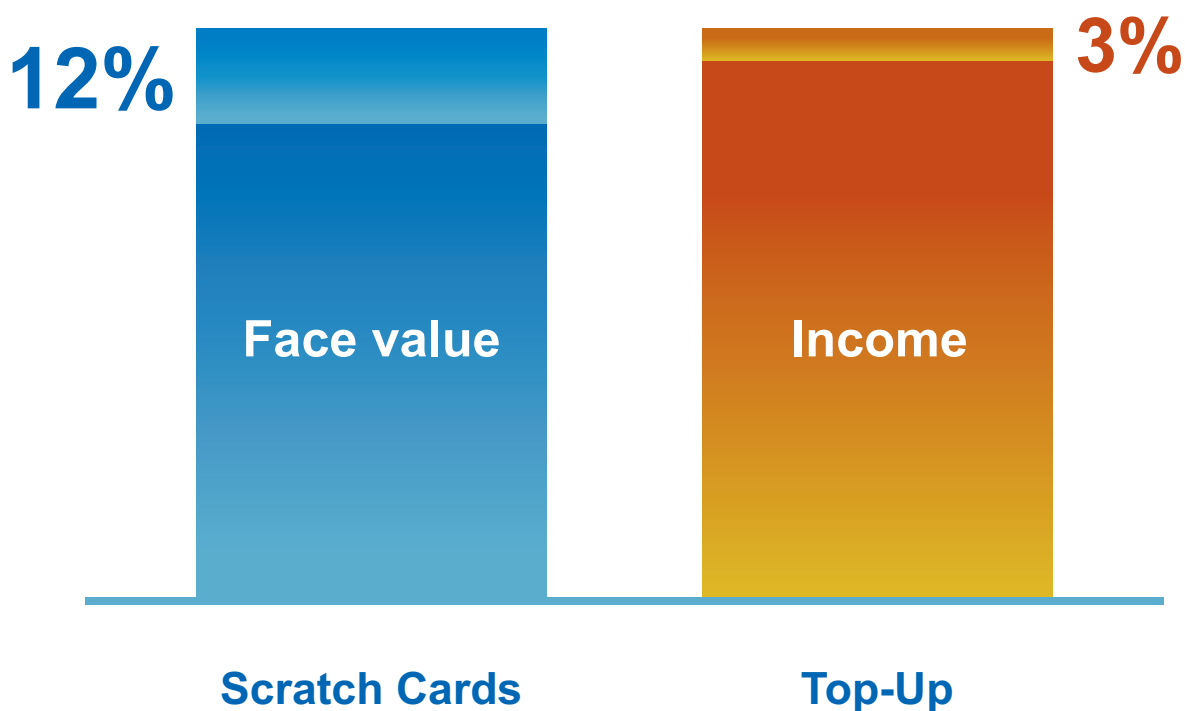


BENEFITS FOR RETAILERS

LOW COST FOR COLLECTING MONEY

Using our system the actual cost for collecting money from the market becomes lower and it is the key indicator. For scratch cards, it is 12% of the face value. This is the full prime cost paid by an operator for the collection of money from the market through scratch cards. It includes the retailer's discount (usually 5-6%), the production of the cards (2-3%), logistics, fraud protection, and a whole range of other expenses that occur in this case. Correspondingly, we plan to reduce the average figure for the collection of money for mobile communications through our system down to 3-4%. At the beginning it will be the same as with scratch cards, but over time it will decrease. In Russia, for example, CyberPlat operates at 1.5-2%. This is an enormous money saver for mobile communications operators. The savings of 10% of the income for such an operator as Beeline, which generates an income of 8 billion dollars, works out to be additional 800 million dollars a year. This is a gigantic sum.

COST FOR COLLECTING MONEY

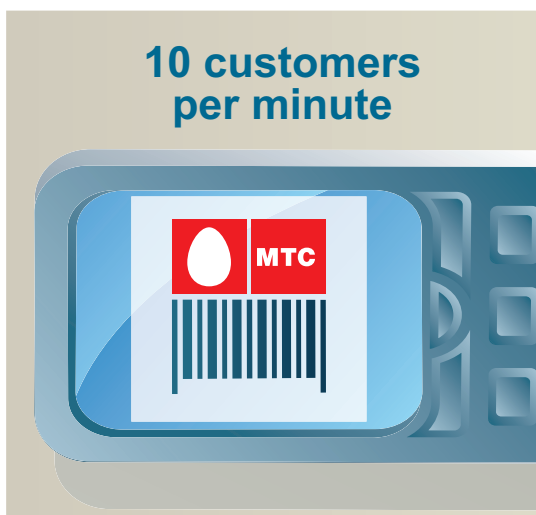


CHANGE TO THE PHONE

We offer an interesting service called, «change to the phone», which, according to our estimates, will bring in significant amounts of money. It is also more convenient for the cashier – as it is easier to find out the telephone number from the client and then send him the money, rather than find the right change.

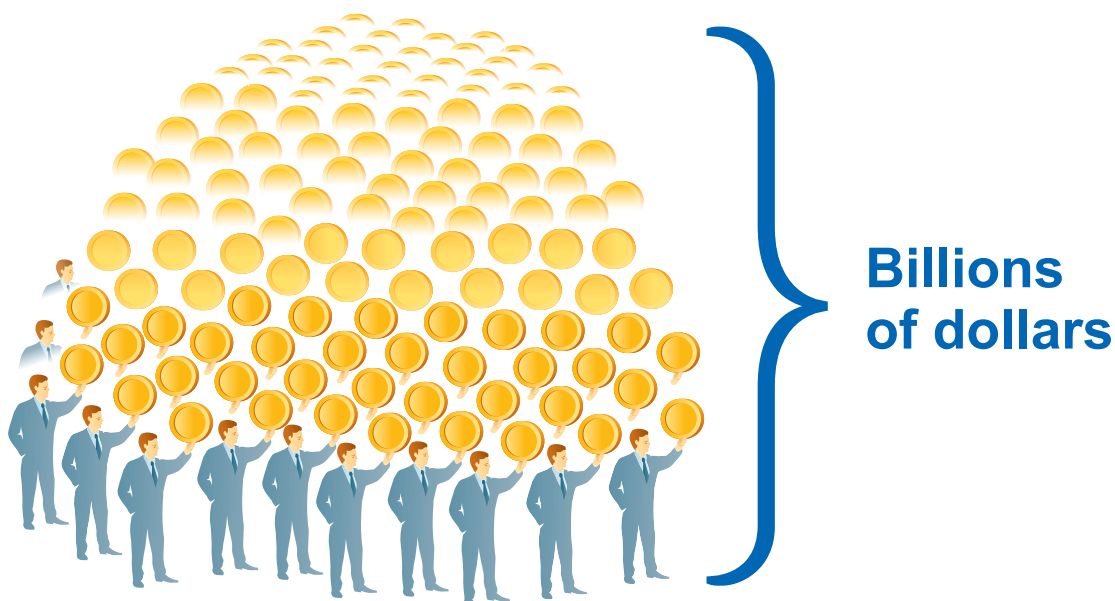
It is worth noticing that the client does not have to verbally announce his phone number, because he has a card that has his telephone number encoded. This will greatly accelerate the process of effecting the payment for the cashier. However, these programs are recommended to be implemented in co-operation with mobile communications operators (this is more preferable) or via customer loyalty programs. Large chains can produce cards for their clients with the clients' telephone numbers already encoded into the bar code of the card, and then grant bonuses on these cards when funds are charged (for example, charge no additional commission). Svyaznoi and Ostrov are currently launching this program.

This service reduces the time necessary for giving change to each customer at least a few times and increases the income of operators. Therefore, this new service is as advantageous for MNOs as for the retail chains.



CHANGE TO THE PHONE LIKE THE JAPANESE «CHANGE TO THE CARD»

In Japan, for example, there is a system that transfers money to a proximity card. The system is named Felica. This is true where there is change, so the person then uses the card to transfer the change to it. Then this card can be used to pay, for example, for transportation services. In Japan the turnover of these systems amounts to tens of billions of dollars, and we believe that such money collected through retail chains will significantly increase the income of operators by great amounts. These will not be millions and tens of millions, but rather hundreds of millions and even billions.



REDUCING THE HARD MONEY TURNOVER

In addition, the service of change to mobile phone is very profitable in retail terms.

Money is not wasted, as it provides an additional income used for another service. There are no expenses for receiving coins from the bank, as the reception of coins and their distribution to cashiers is always a «big headache» for any retailer.



CUSTOMER FLOW AND INCOME INCREASE

It has been widely noted that the customer traffic of locations equipped with Micro flexible top-up technology increases twice. Therewith, the income from primary goods sold at the location increases by 10-40% (depending upon how well it is advertised and how well the business focuses match). For example, if the retail outlet sells washing machine powder, then the volume of the washing machine powder sold will increase by about 10%. If the outlet sells mobile phones and the business focuses match, then this increase could be up to 40%.



RETAIL + TOP-UP

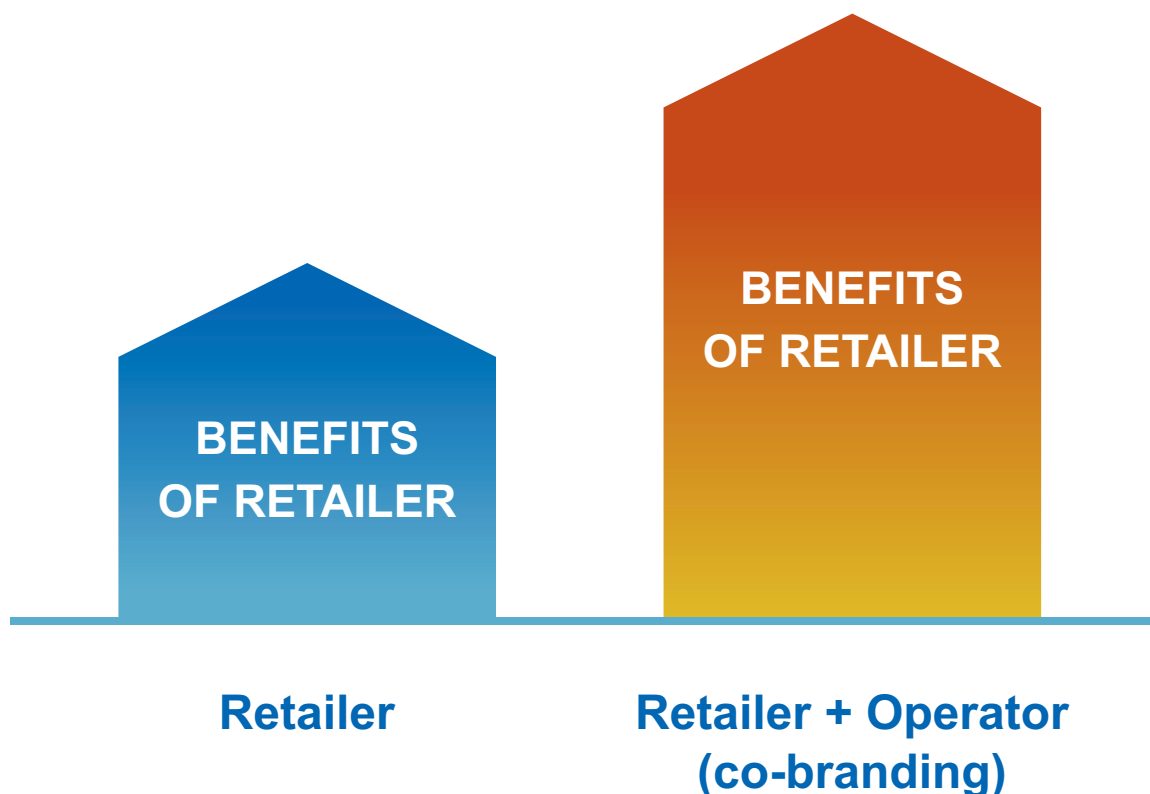
RETAIL ONLY

Yes, spare change does not leave – and even better, a commission comes out of it. Usually this commission is not so big and it is usually not enough to make salary payments. Some retailers, for example, do not set a surcharge, and the fee is received by the cashier at the cash point on the whole percentage from the received payment. The retailer may have a tiny loss but it is a way to attract many new clients. In retail business there are always some ins and outs which one just needs to know and consider. For example, in food retail in Russia, money is made on three things: vodka, beer, and sausages. It is unprofitable to sell bread, but if you do not sell bread there will simply be no customers. Well, this service is like selling bread – it is like giving a small bait for the purpose of a good catch. As soon as you tell a retailer that the turnover is increased by 40% right on the spot – that's it, he will never let you go. Retailers in all countries are unified by one thing: they will kill themselves for a nickel, and for another nickel they will kill all their relatives.

PROFITING FROM CO-BRANDING

For the retailer there is also the reduction in expenses for the sale and co-branding, in comparison with a scratch card. It does not need to be guarded, cards do not have to be verified, and large shipments of cards do not have to be purchased. So, correspondingly, there is a reduction of these costs.

Those chains which first advertise being open for accepting such payments can receive free advertising from the operator. In Russia, for example, when a large retailer (for example, Seventh Continent) began to process such payments, the mobile operator Beeline advertised it free of charge, since «this is the location where you can top up your phone.» As a result, co-branding is always beneficial for the retailer because the brand recognition of the mobile operator is always greater than that of the retailer, and, therefore, will serve to promote the retailer's brand.



BENEFITS FOR CLIENTS

CONVENIENCE

The most important thing for clients is convenience. First of all, because with scratch cards right values need to be found, then you have to scratch and sometimes when scratching, some numbers come off. Then all these numbers have to be dialed (and sometimes people misdial), and the card has to be real while there are many fakes out there; and you also need to find the right operator. Handling change is also easy: no longer will you have to carry around all that metal load, just charge your phone with this change and go.

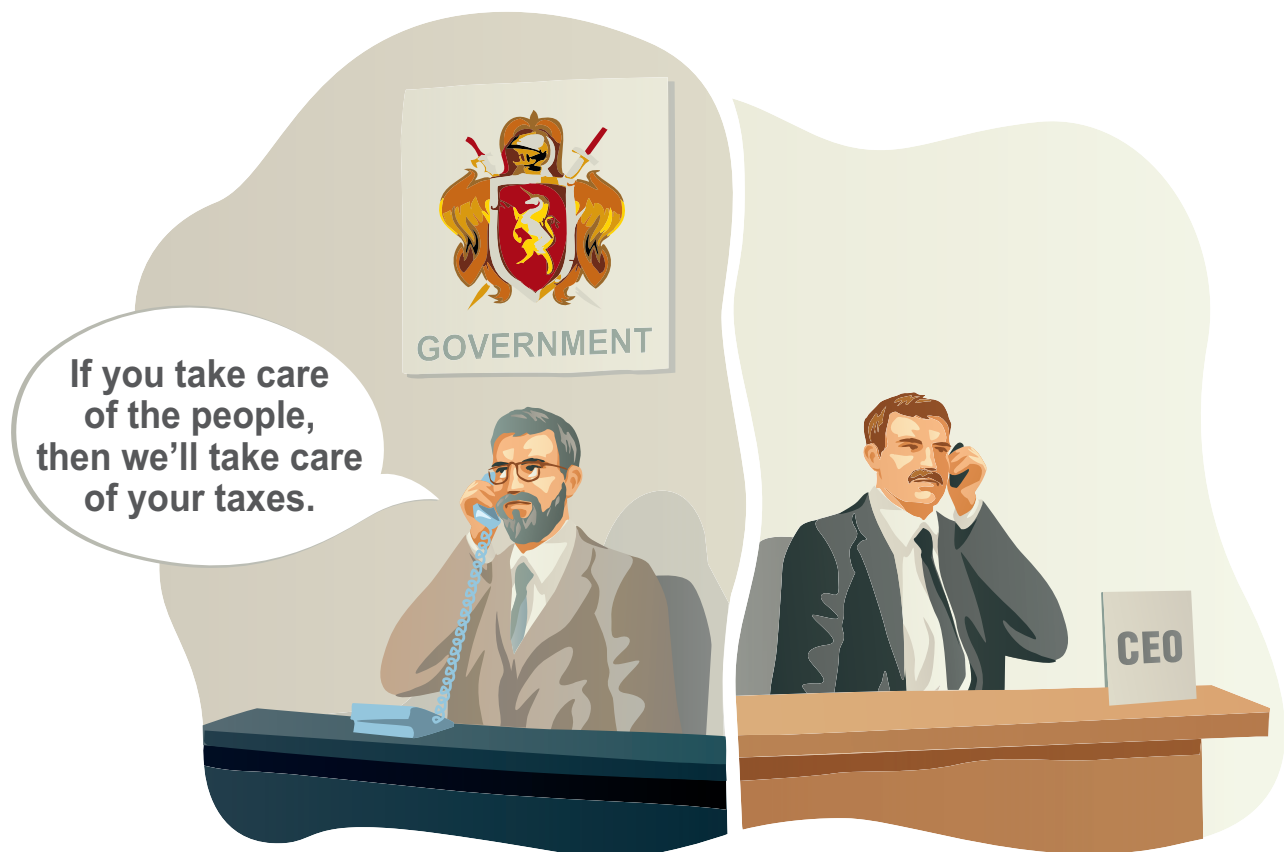


BENEFITS FOR THE COUNTRY AND SOCIETY

SOCIAL PARTNERSHIP WITH GOVERNMENT

When mobile communications operators become social partners to the government (since in some countries this is encouraged by having to pay lower taxes) and the operator resolves the issue of Bridging the Digital Divide, then such an operator can count on various kinds of incentives from the government.

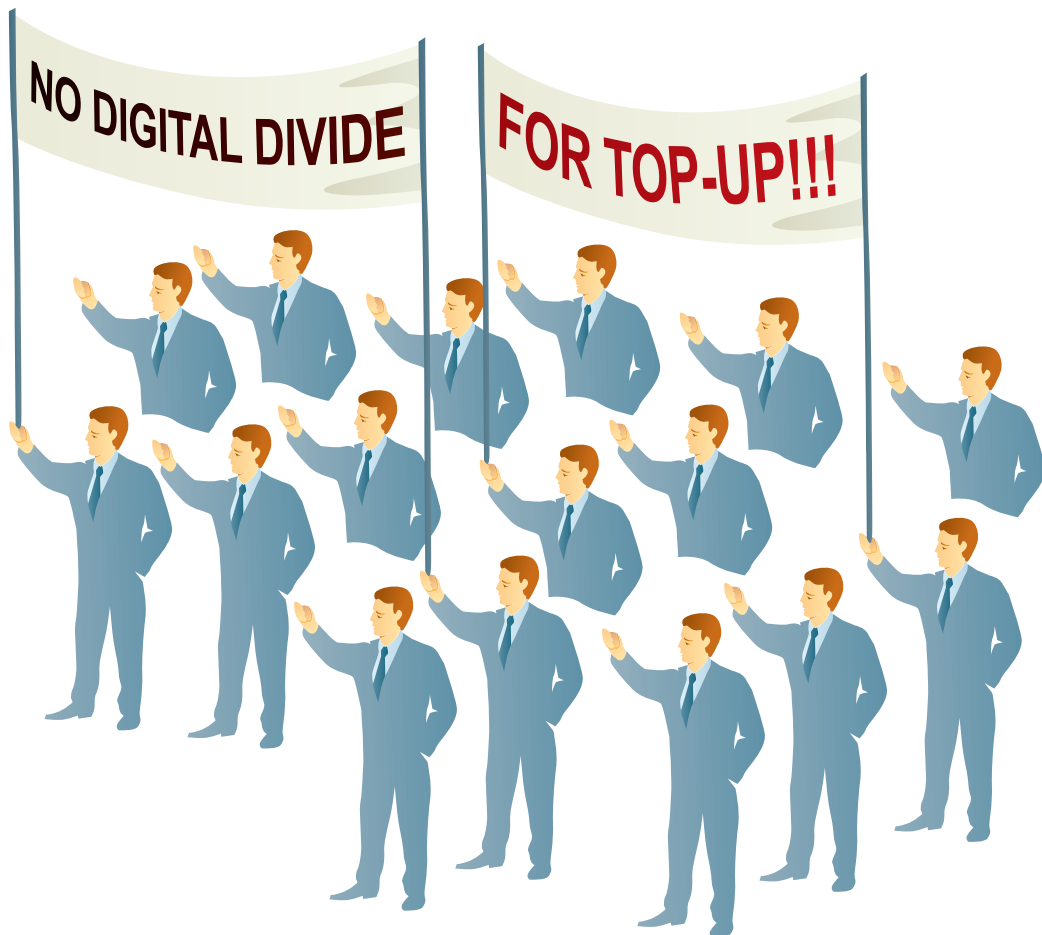
Also, the growth of income of mobile communications operators causes an increase in the collection of taxes. Operators are usually very open and prompt in paying their taxes.



PRE-EMINENCE IN POLITICAL CAMPAIGNS

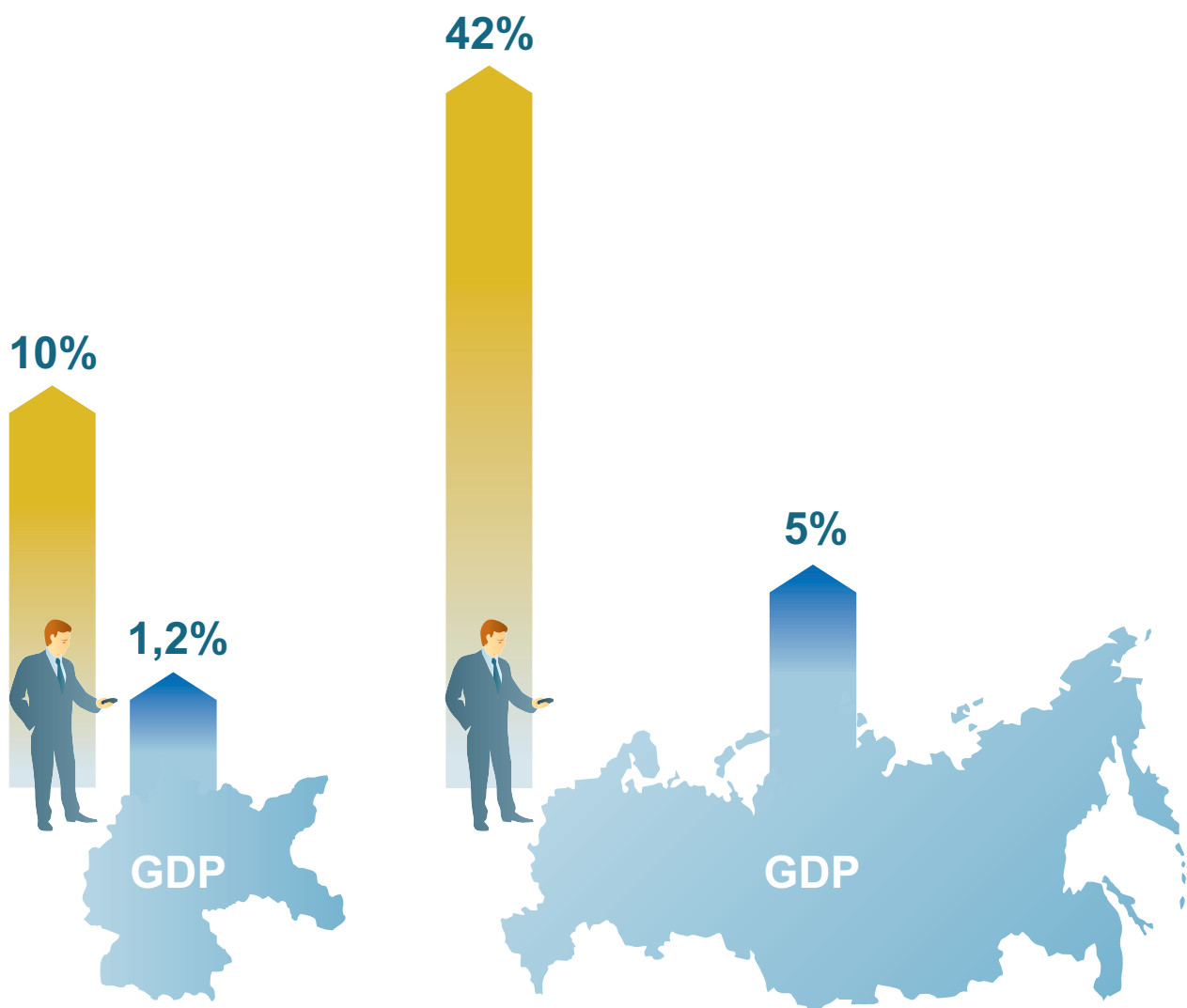
While addressing to representatives of the official state agencies, we must talk about the benefits for the government, and in fact the government receives quite a lot.

First of all, it is carrying out political tasks focusing on the elimination of digital inequality, characteristic of a number of countries in Africa, Asia, and Latin America. This is a serious motto which creates a serious political advantage for parties in their political struggle.



INCREASE OF GDP

Elimination of the inequality between people will allow all representatives of community to use these services. Deloitte and GSM Association made a research showing that the increase of the use of mobile communications in a country by 10% will lead to an increase in the GDP of that country by 1.2%, which is a significant figure, and if we take into account that in some countries the use of such services can be increased by 42%, then it is relevant to mention the increase of GDP by 5%, which is an enormous achievement. Moreover, in a state of crisis it is more than simply relevant.



Mobile phone penetration

TIME SAVING

People can see their free time sharply increase, and especially those who usually spend an hour to make their payments, when paying through a bank (20 minutes for going to the bank, 20 minutes in the bank, and 20 minutes for coming back).

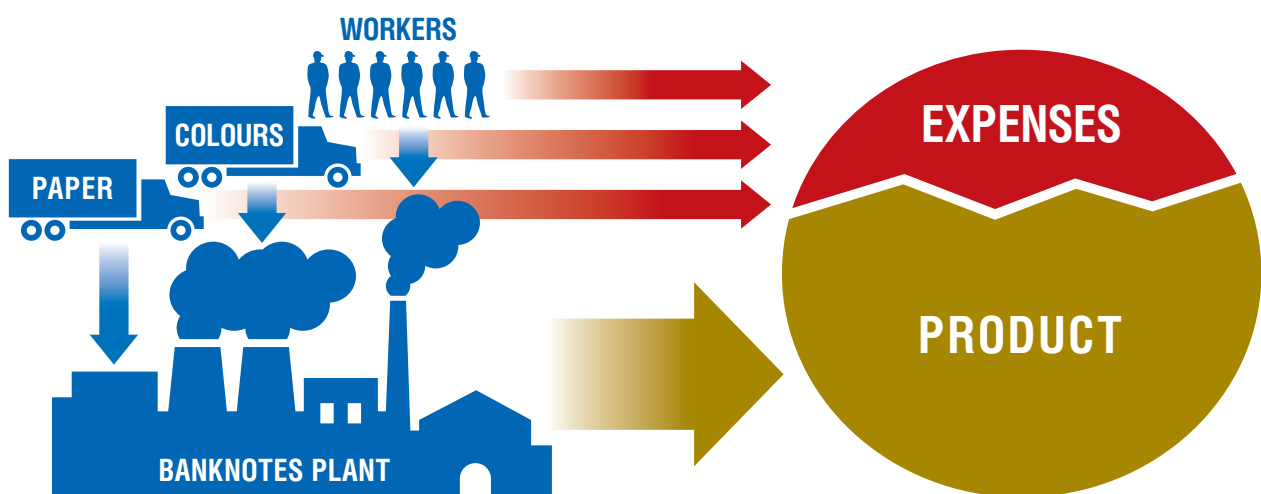
Using a new financial infrastructure, people make their payments by passing by a terminal or when shopping, thus saving enormous amounts of time, e.g. if the population is 100 million people, 100 million more new hours emerge within the country, and if we consider that only half of that time a person will spend at work, then it will result in 600 million extra hours a year. If within this time he produces products for \$5, then that results in 3 billion of newly produced products a year.

Growth is seen through the dissemination of the structure and in the fact that people will not spend time on traveling to make payments.



ECONOMIZING ON HARD MONEY PRODUCTION

Another major advantage is the reduction of the circulation of small coins and small banknotes within a country. The printing of money of such value is usually unprofitable for the government, and we believe that the introduction of our «change to mobile phone» service within the overall scale of the country will reduce the circulation of coins twofold.



SOLUTION FOR PARKING PAYMENTS

There is also a solution for parking payments in local municipalities, as the biggest problem is where to pay for parking and where to find the right coins. If we connect the service of payment for the parking to the CyberPlat system, then the problem does not occur in any store connected to the CyberPlat. Instead, all a person needs to do is just come to the cashier, say the number of the parking spot and then pay for it. It does not necessarily have to be done at the same parking lot; rather, it can be done at any place and any time.



INFRASTRUCTURE AND EDUCATION

It is important to note that any infrastructure projects are always profitable for a country. Our business goal is not just to make a huge, one-time profit, but instead, we want to create a new infrastructure which will continually bring in revenues. Any infrastructure (especially a financial one) is a global achievement for any government of any country.

The last most important issue will be digital education for children. The sooner children begin to use electronic devices, the smarter they will become, and the more benefit they will bring to their country. The country will then become wealthier and stronger.

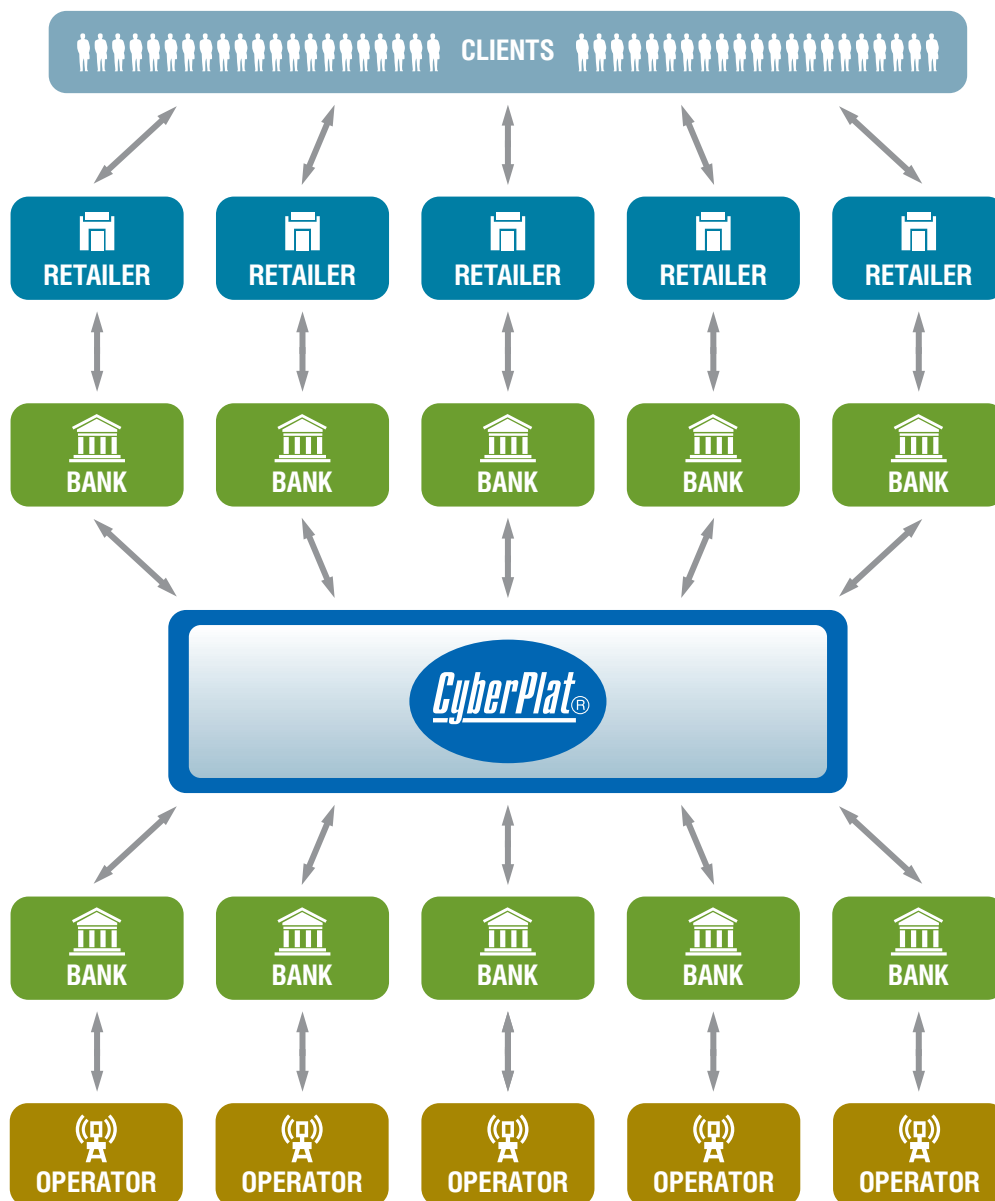
This is the summary of the main advantages which are delivered by CyberPlat® through its implementation in several countries.



BENEFITS FOR BANKS

PROCESSING AND SETTLEMENTS

It is important to note here that our system is not involved with money per se. We always work through some local clearing bank which does all the necessary settlements. We are only an information processing center. Speaking in bank terms, we carry out the processing and the settlement, and the bank performs the financial clearing. Therefore, we do not need, as it is usually the case, to receive a special license in a country, because we are not involved with the actual money. Services for banks – this is a good question.



OPTIMIZATION OF PAYMENTS

CyberPlat offers not only services for retailers, but services for retail banking chains. We already mentioned top-up. What about paying bills? Power, gas, water, other utility payments. All of this is also easily automated and becomes inexpensive for servicing in a bank, in its branches. These operations are also easily performed through ATMs which moves this field outside the bank branches. Besides, we have created a program which is called Remittance Integrator (see below).

Comparison of direct costs for accepting money transfers from individuals (in accordance with prices in Moscow)

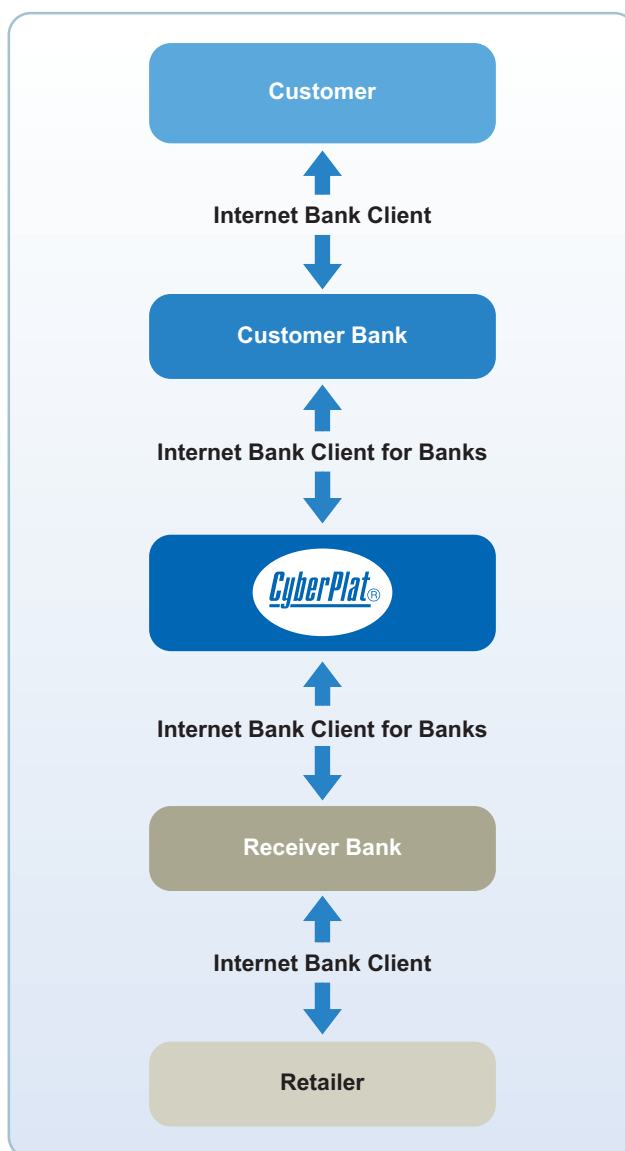
Cost element	Reception of transfers in a bank office	Reception of transfers through a self-service payment terminal*
Non-recurring costs		
Outlet's equipment	\$30,000 (customer service area and a cash desk)	\$13,000 (customer service area and a terminal)
Monthly costs		
Area lease (minimum)	\$3,600 (20 square meters for the customer service area and a cash desk with organized working places for a transaction officer and a cashier)	\$1,800 (10 square meters for the customer service area with an organized working place for a transaction officer. 1 square meter for placing the terminal is not charged additionally in this case.)
Salaries and Uniform Social Tax	\$3,500 transaction officer and cashier	\$1,750 (transaction officer)
Security (minimum)	\$ 3,4001 CHOP (private security firm) officer	No security (there is a remote monitoring the terminal's condition)
Electricity	\$ 100	\$ 50
Total per month:	\$ 10,600	\$ 3,600

* Approximate costs in the case when the self-service terminal is placed in the bank office without a cash operating unit and is used instead of a cash desk

INTERNET BANKING

We would like to once more focus on the system for Internet banking clients. It brings great results. It was a big surprise even for us as professionals in this field that the turnover on bank-clients of a typical Transcreditbank in terms of the number of transactions is equal to the transactions performed through all sales outlets of Svyaznoy. So far, this service is undervalued by us, and this segment is still something we don't completely understand, but do keep in mind – it does exist.

A bank, cooperating with CyberPlat, first of all can be positioned as a retail chain, and that means the same kind of organization, through ATMs, cash-in terminals, and most importantly – through their own internet-banking system such as top-up, micro flexible top-up, fixed line, utility bills, utility payments, satellite TV and other such payments.



REMITTANCE INTEGRATOR

We mentioned such a service as remittance integrator. It means the following: right now there are three thousand transfer systems throughout the world, and the most internationally popular are Western Union, MoneyGram, and Travelex. In Russia another fifteen systems are in operation, mostly used for the transfer of money, for example, from Russia to the CIS countries: Anelik, Unistream, Leader, Interexpress, Blizko, etc.



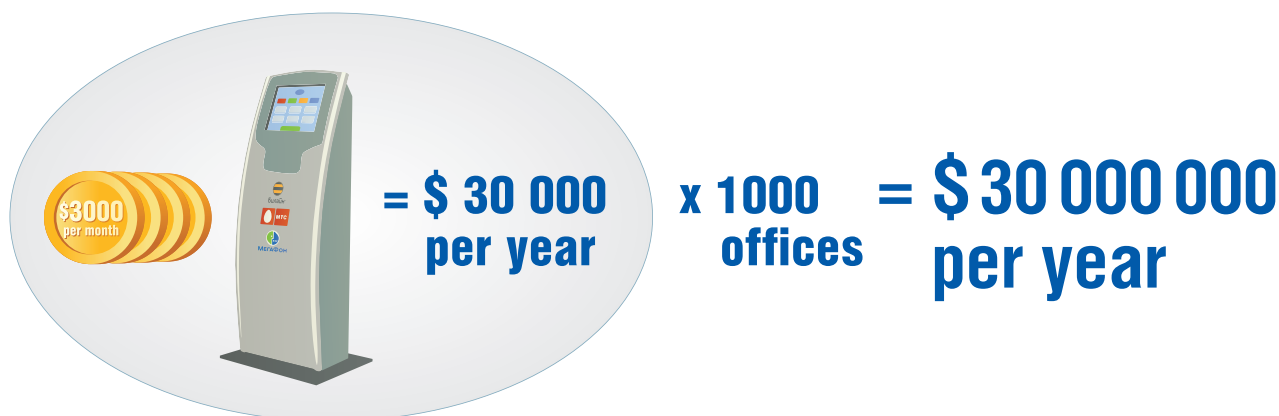
In order to work with all those systems, banks need a very substantial amount of money to be invested into the maintenance of the ongoing cooperation. Therefore, if a bank wants to work with just 4 systems, it needs to conclude 4 very complex contracts, hold 4 deposits, correspondingly, in various systems, have 4 different servers, which will run the software, these 4 servers will run 4 different software packages, and thus, 4 complex host-to-host connections will need to be established. Even we being specialists in host-to-host connections say that such a set up will require from half a year to a year. Besides, the most complex task is to teach a young lady that is sitting in the front office to use these 4 systems, and that is impossible at the moment! It is impossible to teach this minimally educated girl how to use 4 different systems. As a rule, she will only use one or two, and then will tell the clients that the other ones are just not working.

What we have achieved is that we have connected to all the systems and we provide a product called «in one window». There is just 1 contract, 1 deposit, 1 software program, and one simple host-to-host connection, because we know how to make them relatively simple, and correspondingly, it is easier to teach an employee how to use only one software program with various pop-up windows. First of all, it sharply reduces the bank expenses. Right now there is an overall battle to cut costs, and it is possible that many of a company's IT staff can and will be made redundant – those that are most expensive. The company may fire some lawyers and focus the money in one area. Besides, the efficiency of the front office is then greatly increased – many various systems are quickly accepted, and, accordingly, one location goes on to handle a large turnover.

USE OF TERMINALS

But that is not all. We have created such a system which will allow the acceptance of money without the presence of a cashier. In a bank, in order for a migrant worker to send funds he first needs to fill out a form and then give the money. A cashier is first of all a person, secondly, a 20 square meter equipped room, which costs at least 20 thousand dollars, and then there is the rent, connection, and security. We have created a system that will allow the identification of the payer one time who will receive an identification card which can be issued to him, for example, by one of the international payment systems, such as Visa or MasterCard. Then, the person simply approaches an ordinary cash-in terminal, selects «money transfer,» enters his identification number and a special verification PIN, and then inserts his money. That's it.

After this the machine identifies the payer, confirms to whom this payer is making a payment – and then the money is sent. The savings on the redundancies of cash register operators is huge, as we have already covered previously. We believe that one location saves around 3 thousand dollars every month, simply due to the fact that there is no cashier salary, there are no expenses for the creation of a cashier room, there are no costs for security, rent – and the premises have to be located in places with high level of people's traffic – these are expensive, being, let's say, 3 thousand dollars per month, which results in 30 thousand dollars every year. If the bank has, for example, 1000 offices accepting money transfers, then the cost savings will be 30 million US dollars.



Besides, if a cash register operator works 8 hours a day then a machine works 24 hours a day, all week long. Right now, payments in the PLATINA Bank are also made on Saturdays and Sundays, and even at night. A migrant worker comes up, deposits his money, presses a couple of buttons, and then walks away. A big advantage here is that, when the collected funds become hard cash, this cash can be taken out of the bank down to the level of retail, to those places where these migrant workers are hanging out: construction sites, camps for temporary residence, wholesale markets, etc.

One comes to register at the bank one time and never comes back again – because when these men are standing in the bank, unwashed, dirty and smelly, then normal, respectable clients are just not comfortable with this, and such valued clients simply may not want to come back.

CONCLUSIONS

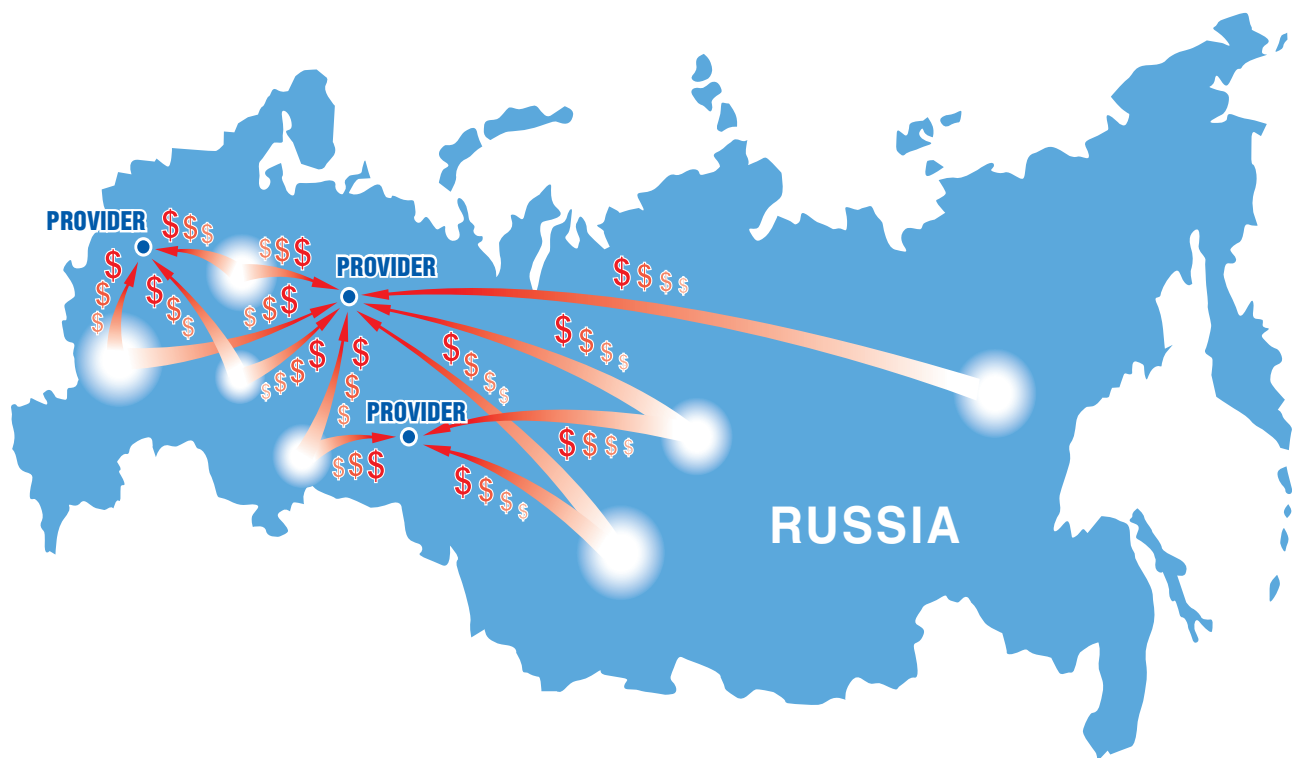
This is a principally new service that we offer. We are actively developing it – 4 systems are in operation now and another 3 will be connected within the next 2 months. Before the end of 2009, we plan to have 15 systems connected, which will include 3 international systems: Western Union, MoneyGram, Travelex, while the other 13 systems will be local. We will also have Ria Envia –an international system, which operates in the USA and Mexico. Therewith, we are ready to connect a predominant transfer system in any location and then, correspondingly, provide a full review.



BENEFITS FOR OTHER SERVICE PROVIDERS

WHAT CAN WE OFFER TO INTERNET PROVIDERS?

What if we take a traditional payee, for example, Housing and Public Utilities? From now on a network for money collection is available. Since some locations have a lower payment ratio not because of a lack of money but rather because it is inconvenient to pay. For example, in places such as Saratov and Povolzhie people need to take a whole day off work just to pay for their utilities.



WHAT CAN WE OFFER TO HOUSING AND PUBLIC UTILITY SERVICES?

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TOP-UP VS. SCRATCH CARDS – MAJOR BENEFITS

After the transfer from the scratch card to the payment system, the benefit is 10% from the turnover of the mobile operator. These are the 10% from the part of the turnover which used to go in the past through a scratch card. The thing is that right now prepaid services are growing quickly all over the world and scratch cards are especially doing so in developing countries. The scratch cards constitute 80-90% of the turnover, and this is why we try to correlate these figures. In Russia it was 90%, but now it is only 5%, 85% – received through the electronic systems of CyberPlat and another 10% comes from roaming from post-paid clients. In many developing countries scratch cards are equal to the turnover. Only in developed countries the correlation is either half, or sometimes can be even slightly greater.

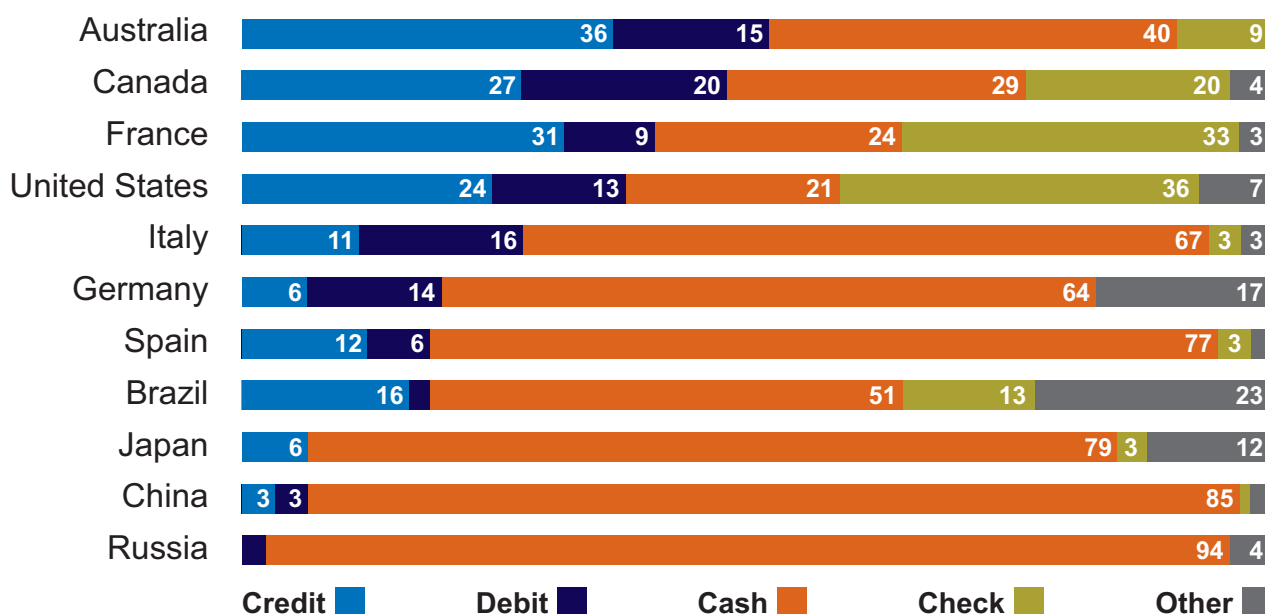


BREIF DESCRIPTION OF THE SYSTEM'S MAIN GOALS

The payment system pumps cash to mobile (and other) accounts. The goal is the collection of cash as a whole.

Is the system good for developed countries with small amount of cash circulation?

This is a widely made mistake that in the developed countries there is about no cash. By the way, it is a necessary reminder, and thus we can provide you with the research done by the company First Data, in regards to the ratio of cash and cashless turnover in the retail sector.



The lowest cash figure is the USA at 21%, but only due to the fact that they use checks, and these checks give another 36%. Besides the USA, Canada, and France, there are practically the countries where cash in retail would never constitute less than 50%. In Japan, the use of cash in retail makes 79% – everyone has a card, but in retail everyone pays with cash. In Asia everyone prefers to pay in cash. «Cash is King» is a long-standing phrase that is understood by everyone there.

Even in Western Europe, when you say that you do not have any cash, they stare at you like at a madman. Everyone has cash.

German First Data is a company that provides acquisition services for scratch cards. When they first introduced this service through POS terminals, everyone knew that you could top up through these terminals which were devices intended for accepting bank cards. However, in 99% of all transactions were paid for in cash. People gave banknotes, even though this service was provided by a company which definitely was not engaged in registering cash payments made through devices accepting bank cards.

You know, Russia is an extraordinary place where POS terminals are sold, but cards by themselves are not being used at all – the POS terminal is used only to top up, even though it has been created for using with cards. In practice, it is just used as a typing calculator with a mobile connection.



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