Stored Value and International Remittances

May 18, 2005
Atlanta, GA
1.- The International Remittances Market

2.- US Market Overview

3.- The Opportunity

4.- About EMIDA and the PUNTOflex Network
- Latin America is now the fastest growing and highest volume remittance market in the world.

- Remittances from US to Latin America constitute the highest volume remittance market in the world (31% of the total $103 billion remitted to developing countries in 2002)

- Remittances to Latin America in 2004 reached over US$ 45 billion.

- This amount exceeded the combined flows of all Foreign Direct Investment (FDI) and net Official Development Assistance (ODA) to the Region.

- These flows substantially exceed tourism income to each country, account for at least 10% of GDP in six countries, and almost always exceed the largest export.

- An estimate of 175 million separate remittance transactions take place, almost all of them outside of the formal financial system.

- Transaction costs to send remittances have been cut in half over the past 5 years; but at 7% still remain too high.

- Remittances are used, for the most part to pay for basic family needs (food, clothing and shelter).

- Remittances represent approximately:
  - 10% of the senders household income
  - Between 50% - 80% of the recipients household income, depending on the country.

- 40% - 50% of Hispanics living in the US are unbanked.

- The percentage of remittances recipients living in Latin America who have a bank account is estimated at less than 10%
## Latin American Market Overview:

<table>
<thead>
<tr>
<th>Country</th>
<th>2003 GDP (1) (in millions of US$)</th>
<th>2003 Remittances Received (2) (in millions of US$)</th>
<th>As % of GDP</th>
<th>2004 Remittances Received (2) (in millions of US$)</th>
<th>∆% 2004 vs 2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mexico</td>
<td>626,080</td>
<td>13,266</td>
<td>2.12%</td>
<td>16,613</td>
<td>25.2%</td>
</tr>
<tr>
<td>Brazil</td>
<td>492,338</td>
<td>5,200</td>
<td>1.06%</td>
<td>5,624</td>
<td>8.2%</td>
</tr>
<tr>
<td>Colombia</td>
<td>77,559</td>
<td>3,067</td>
<td>3.95%</td>
<td>3,857</td>
<td>25.8%</td>
</tr>
<tr>
<td>El Salvador</td>
<td>14,396</td>
<td>2,316</td>
<td>16.09%</td>
<td>2,548</td>
<td>10.0%</td>
</tr>
<tr>
<td>Dominican Republic</td>
<td>15,915</td>
<td>2,217</td>
<td>13.93%</td>
<td>2,438</td>
<td>10.0%</td>
</tr>
<tr>
<td>Guatemala</td>
<td>24,730</td>
<td>2,106</td>
<td>8.52%</td>
<td>2,681</td>
<td>27.3%</td>
</tr>
<tr>
<td>Ecuador</td>
<td>26,913</td>
<td>1,656</td>
<td>6.15%</td>
<td>1,740</td>
<td>5.1%</td>
</tr>
<tr>
<td>Jamaica</td>
<td>7,817</td>
<td>1,425</td>
<td>18.23%</td>
<td>1,497</td>
<td>5.1%</td>
</tr>
<tr>
<td>Peru</td>
<td>61,011</td>
<td>1,295</td>
<td>2.12%</td>
<td>1,360</td>
<td>5.0%</td>
</tr>
<tr>
<td>Cuba</td>
<td>n/a</td>
<td>1,194</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Haiti</td>
<td>2,745</td>
<td>977</td>
<td>35.59%</td>
<td>1,026</td>
<td>5.0%</td>
</tr>
<tr>
<td>Honduras</td>
<td>6,978</td>
<td>862</td>
<td>12.35%</td>
<td>1,134</td>
<td>31.6%</td>
</tr>
<tr>
<td>Nicaragua</td>
<td>4,100</td>
<td>788</td>
<td>19.22%</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Bolivia</td>
<td>8,024</td>
<td>340</td>
<td>4.24%</td>
<td>422</td>
<td>24.1%</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>17,482</td>
<td>306</td>
<td>1.75%</td>
<td>306</td>
<td>0.0%</td>
</tr>
<tr>
<td>Venezuela</td>
<td>84,793</td>
<td>247</td>
<td>0.29%</td>
<td>259</td>
<td>4.9%</td>
</tr>
<tr>
<td>Argentina</td>
<td>129,735</td>
<td>225</td>
<td>0.17%</td>
<td>270</td>
<td>20.0%</td>
</tr>
<tr>
<td>Panama</td>
<td>12,916</td>
<td>220</td>
<td>1.70%</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Guyana</td>
<td>742</td>
<td>137</td>
<td>18.46%</td>
<td>143</td>
<td>4.4%</td>
</tr>
<tr>
<td>Trinidad &amp; Tobago</td>
<td>10,201</td>
<td>88</td>
<td>0.86%</td>
<td>93</td>
<td>5.7%</td>
</tr>
<tr>
<td>Belize</td>
<td>928</td>
<td>73</td>
<td>7.87%</td>
<td>77</td>
<td>5.5%</td>
</tr>
<tr>
<td>Uruguay</td>
<td>11,182</td>
<td>42</td>
<td>0.38%</td>
<td>105</td>
<td>150.0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,636,585</strong></td>
<td><strong>38,047</strong></td>
<td><strong>2.32%</strong></td>
<td><strong>42,193</strong></td>
<td><strong>10.9%</strong></td>
</tr>
</tbody>
</table>

Sources: (1) World Bank, 2003 and (2) Inter-American Development Bank - IADB
Remittances Received by Country: 2004

Source: Inter-American Development Bank
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US Hispanics: Facts and Figures

- 39.9 million Hispanics in the U.S. in 2003 - grew 57% from 1990 to 2000

- Hispanics are the largest minority group in the US, and are expected to make up 25% of the U.S. population by 2050

- 40% - 50% of US Hispanics are unbanked

- Largest users of money transfer and prepaid services with very limited banking relations.

- Very family oriented culture – more than $40 billion remitted to Latin America in 2004 – more than 75% was by immigrants in the US

- 42% of adult foreign-born Latinos send money regularly to their home countries

- Estimated $600 billion spending power, expected to reach $926 billion by 2007
Money Transfer:

Over $30 Billion dollars were sent in 2004 from the U.S. to Latin America & the Caribbean

Source: IADB
# Top 10 US States by Remittances Sent to Latin America - 2003

<table>
<thead>
<tr>
<th>State</th>
<th>$ (in 000's)</th>
<th>% of Total Remittances</th>
<th>Number of Latin American Immigrant Adults</th>
<th>% that Send Remittances</th>
<th>Times Sent per Year</th>
<th>Avg Amount Sent per Remittance</th>
</tr>
</thead>
<tbody>
<tr>
<td>California</td>
<td>$9,610</td>
<td>31.88%</td>
<td>5,378,555</td>
<td>64%</td>
<td>11.9</td>
<td>$235</td>
</tr>
<tr>
<td>New York</td>
<td>$3,562</td>
<td>11.82%</td>
<td>1,428,614</td>
<td>81%</td>
<td>13.7</td>
<td>$225</td>
</tr>
<tr>
<td>Texas</td>
<td>$3,180</td>
<td>10.55%</td>
<td>2,547,203</td>
<td>43%</td>
<td>12.9</td>
<td>$225</td>
</tr>
<tr>
<td>Florida</td>
<td>$2,450</td>
<td>8.13%</td>
<td>1,796,959</td>
<td>47%</td>
<td>12.6</td>
<td>$230</td>
</tr>
<tr>
<td>Illinois</td>
<td>$1,528</td>
<td>5.07%</td>
<td>830,020</td>
<td>66%</td>
<td>12.4</td>
<td>$225</td>
</tr>
<tr>
<td>New Jersey</td>
<td>$1,371</td>
<td>4.55%</td>
<td>606,479</td>
<td>68%</td>
<td>14.2</td>
<td>$235</td>
</tr>
<tr>
<td>Georgia</td>
<td>$947</td>
<td>3.14%</td>
<td>345,253</td>
<td>81%</td>
<td>13.3</td>
<td>$255</td>
</tr>
<tr>
<td>North Carolina</td>
<td>$833</td>
<td>2.76%</td>
<td>290,877</td>
<td>84%</td>
<td>14.2</td>
<td>$240</td>
</tr>
<tr>
<td>Arizona</td>
<td>$606</td>
<td>2.01%</td>
<td>535,119</td>
<td>42%</td>
<td>11.2</td>
<td>$240</td>
</tr>
<tr>
<td>Virginia</td>
<td>$586</td>
<td>1.94%</td>
<td>219,417</td>
<td>84%</td>
<td>13.2</td>
<td>$240</td>
</tr>
<tr>
<td><strong>Total Top 10</strong></td>
<td><strong>$24,673</strong></td>
<td><strong>81.86%</strong></td>
<td><strong>13,978,496</strong></td>
<td><strong>66%</strong></td>
<td><strong>13.0</strong></td>
<td><strong>$235</strong></td>
</tr>
<tr>
<td>Remaining States</td>
<td>$5,467</td>
<td>18.14%</td>
<td>2,722,634</td>
<td>56%</td>
<td>12.6</td>
<td>$245</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$30,140</strong></td>
<td><strong>100%</strong></td>
<td><strong>16,701,130</strong></td>
<td><strong>61%</strong></td>
<td><strong>12.6</strong></td>
<td><strong>$240</strong></td>
</tr>
</tbody>
</table>

Source: "Sending Money Home: Remittances to Latin America from the US", IADB 2004
Trends

- **Industry Buzz**: Everyone is talking about Hispanic non-bank convergence of prepaid, money transfer, store value. All major processors, FI’s, Card Franchises, Retailers, MT, and other players want in the game.

- **Market Distortion**: No clear sign on what is technology/network possible and what is commercially viable, Retailer, banks and MT’s have their options open on how to attack the market.

- **Market Setting Trends**: Size, Distribution Agreements and Multi-Product Networks will drive scale. Business still in its infancy.

Today we are moving on the right path, however distribution agreements and achieving scale will be key for success. New local and regional players will intensify competition.
ClubMEX Card: (www.clubmexicano.net)
- more products
- more transactions
- better price
- more points of sale
The Opportunity

- Mexican retailer networks
- Stored Value/Private Label Cards
- Other Authorized payment Agents

Target clients are at the top of the value chain

USA IMMIGRANT INCOME $700 BILLION

- EMIDA MT Gateway
- Payroll Card Product

Volume expected for 2005

Approximate size of the payrolls of the Transferring Community

35 Billion

200 Billion

FX

PAYROLL

MONEY TRANSFER

OPPORTUNITY
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Emida is deploying the PUNTOflex network, a widespread electronic payment transaction-processing network focused on the Latin American and Global Hispanic markets

- Emida provides a centralized turn-key technology platform to manage three business segments:
  - Prepaid Services Distribution
  - Money Transfer
  - Stored-Value Card Processing

- Emida continues to establish significant market presence by partnering with local payment networks that focus on the unbanked population

- The company is partnering with major payment, retail and bank brands to service a population of over 250 million which is steadily joining the banked economy via prepaid cards as payment instruments
Market Position:

- 8 Markets in operation (Mexico, Guatemala, Peru, Ecuador, Colombia, Venezuela, Dominican Republic and Aruba)

- Largest Known country footprint in the market for non-bank transaction network for Hispanics and Latin America outside of MT companies.
Investors:

- **Latin American Enterprise Fund**: Largest Independent Investment Fund in Latin America with over US$500 million in investments. Among their investors are: Harvard Endowment and the IFC.

- **GRP Partners**: US Investment Fund with over US$600 million in assets. Among their investors are: Carrefour (France) and Paul Allen (Microsoft Co-founder).

- **Rick L. Scott Investments**: Richard L. Scott Investments, LLC was established in 1997 by Richard L. Scott, founder and former Chairman and CEO of Columbia/HCA Healthcare Corporation (later renamed HCA, Inc.), one of the world’s largest healthcare services companies.

- **Other Latin American Financial, Media and Industrial Groups**: Important Industrial and Media Groups in Latin America.
QUESTIONS?

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