Fleet Bank

Wireless Decisions and Experiences

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1. Does Wireless have any Strategic Benefits?
   - Increased customer convenience with Fleet available anytime, anywhere by any channel
   - Enhanced customer service with consistent message and appropriate functionality across channels
   - Increased customer retention and loyalty due to wide choice of access and functionality

2. How Should we Execute?
   - Outsource to Interface/Hosting Vendor
     - Application resides on third-party servers and functions similar to "screen-scraping"
     - Offers ability to launch with minimal changes to existing system and a short development cycle
     - E.g., Everpath, W-Trade, Aether Systems
   - Outsource Development to Systems Integrator
     - End-to-end solution, including hooks directly to middleware or host applications
     - More expensive to develop, but with more control over the resulting interface vs. screen-scraping
     - E.g., 724 Solutions
   - Develop new in-house application
   - Develop in-house application that utilizes existing infrastructure

3. What are the Major Risks?
   - Small and fragmented wireless market (Palm, Phone, RIM, etc.)
   - Concerns about slow customer adoption
     - Wireless devices are expensive
     - Service fees are high ($40/month for PalmNet/OmniSky or customers pay by the number of bytes downloaded)
     - Wireless service areas are limited
     - Download times are slow. OmniSky modems max at 19.2 while Palm VIs are only 9.6
   - Long term viability/financial strength of outsource vendors
     - Development began in May 2000

4. Platform/Device Decision
   - We developed a text-based interface for wireless PDAs to HomeLink, Fleet’s existing Online Banking application
     - Chance to learn/gain wireless experience
     - Limited initial release (PDAs using the Palm OS) allows us to gage customer adoption rate of wireless technology
     - Lowest Cost
     - Developed for under $100,000 (internal salaries & security audits) versus potential project cost over $2 million for outsourced solution
     - Short development cycle
     - Developed/tested Palm OS interface in 3 months
     - Eliminated risk of unstable vendor environment

5. Fleet Wireless Experience
   - Customers have been slow to adopt
     - Total number of customers to download the Palm PQA for HomeLink exceeded our limited expectations. However, average monthly usage is low and falling.
     - Brokerage launched in Spring 2000 but discontinued the trading service last month.
       - Very few (<7% of original enrollments) customers were active in January 2002.
       - Even fewer (<3% of original wireless volume) orders were placed since its launch in 2000.
     - Active wireless HomeLink customers do like the application
       - They login an average of 3.3 times per month
       - 22% perform an average of 1.9 transfers per month
       - 16% perform an average of 2.9 Bill Pays per month
General Wireless Challenges

- Immature market with multiple device types and no standards
  - Waiting for fallout of current trend for Phones, PDAs and Pagers to merge into one device

- High cost connections and limited bandwidth
  - Customer access fees must also merge for adoption rates to increase.
    - Customers do not want to pay for an expensive wireless ISP on top of their existing ISP and cell phone fees
  - High speed wireless is slowly becoming available

- Limited wireless ISP service areas

- Formatting internet content (financial transaction flows) in a readable display on a small device

- Security

- Just not that compelling yet...