



ClairMail Delivers Major Breakthrough in Online Banking Security

Mobile access system provides customer-centered, cost-effective solution to multi-factor authentication, exceeds FFIEC regulatory requirements

NOVATO, CA, October 30, 2006 — ClairMail™, Inc., the leader in mobile phone-based customer interaction solutions, today introduced its breakthrough answer for securing all banking transactions by utilizing mobile phones for account access, multi-factor authentication and transaction verification. With 225 million mobile U.S. subscribers, mobile phones are more pervasive than the Internet and readily available at any time – making mobile phones ideal for solving the multi-factor authentication problem faced by financial institutions. Unlike all other alternatives which are costly, inconvenient and vulnerable to phishing or “man-in-the-middle” attacks, the ClairMail system empowers financial institutions to verify their customers’ identities or transactions in all situations, whether the customer is online or offline.

The ClairMail system utilizes the mobile phone’s familiar text messaging functionality as the means to authenticate online banking sessions and virtually all other at-risk transactions. For instance, the system can be used for on-line banking session verification. A customer logs on as usual with her username and password (the first factor); at logon, the ClairMail system automatically sends a time-expiring, one-time-PIN (OTP) to the customer’s mobile phone (the second factor) and the customer enters the OTP while online to validate the session.

Alternatively, an out-of-band mobile verification can be used when either online or offline at-risk transactions are performed. For example, the creation of a new bill-pay payee or an unusual transfer, payment, credit card or check transaction would cause an actionable alert™ to be sent to the customer’s mobile phone. A text reply from the customer is used to acknowledge or request additional information pertaining to the transaction. Today, banks are forced to call the customer or stop a credit card when transactions are in question. With ClairMail, the cost and inconvenience of this customer interaction is dramatically reduced. The ClairMail system also provides bank customers with secure on-demand mobile access to account information, facilitates a variety of transactions and delivers no-hold access to customer service. These features greatly benefit customers and facilitate fraud prevention by enabling customers to easily review their transactions and participate in the fraud prevention process whenever necessary.

Importantly, ClairMail’s multi-factor authentication exceeds the regulatory requirements mandated by the Federal Financial Institutions Examination Council (FFIEC) for improving online security, while also assisting institutions to combat the growing number of check and credit card fraud issues. FFIEC guidelines require all financial institutions to implement two-factor authentication in an Internet banking environment by the end of 2006. To meet this deadline, financial institutions are searching for long-term, cost-effective solutions that provide strong authentication without compromising the convenience of online banking.

According to a recent IDC white paper sponsored by ClairMail, *Reducing Friction and Cost of Customer Interactions: Leveraging Mobile Devices to Deliver New Services and Multifactor Authentication* (Doc #202109, Aug 2006), “the mobile phone – as the identifier and authenticator – is a channel that customers can trust is delivering personal information in a private and secure manner and one that could be a strong case for fob replacements. [It] has greater promise for delivering the necessary functionality combined with ease of use and is a better and more cost-effective solution than tokens or other authentication devices.”

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Tokens, smart cards and other traditional authentication methods are costly to implement, pricey to maintain and frequently resisted by consumers. They are also vulnerable to man-in-the-middle attacks, in which phishers hijack online sessions by tricking customers into providing one-time-PINs generated by tokens or smart cards. The ClairMail system's out-of-band confirmation is impenetrable to man-in-the-middle attacks, making it a critical component of any fraud reduction strategy. Furthermore, the ClairMail system is more cost-effective, convenient for customers and requires no special software to be installed on the customer's phone; it works on any mobile phone regardless of device type or carrier. Finally, while other vendor solutions require complex integrations, ClairMail's turnkey system seamlessly integrates with existing back office and security infrastructure and customer contact systems (e.g. IVR and Online) – thereby empowering financial institutions to rapidly deploy an inexpensive, non-intrusive and highly secure mobile banking solution.

“Unlike other two-factor authentication solutions that place the burden on the customer to carry tokens, cards or key chains, and likewise require the financial institution to implement expensive operational support systems, our solution does not sacrifice customer convenience for security,” said Joseph Salesky, CEO, ClairMail. “Customers can actively participate in verifying at-risk transactions and preventing fraudulent activities in a convenient, easy to use and intuitive way, while banks can improve online security, reduce fraud risk for all transactions and meet federal regulations in a manner that is cost-effective and easy to implement. The net result is enhanced security, leading to greater customer confidence and improved operational efficiency.”

ClairMail recently introduced a messaging-powered mobile customer interaction solution optimized for the retail banking industry. The new offering builds on the company's breakthrough mobile access platform and adds a host of new capabilities to power retail banking services – including fund transfers, actionable alerts, transaction verifications, account information and history and no-hold customer service – in a single, comprehensive system.

About ClairMail

ClairMail's breakthrough technology optimizes any mobile phone to instantly become a valuable two-way channel for customer interaction. Using the mobile phone's standard and intuitive messaging functionality, ClairMail empowers a company's external and internal customers to easily access and act upon secure information from any back-end application or complete a transaction, by sending a single text message or email. Unlike other proprietary and inflexible point solutions, the ClairMail system is a turnkey, standards-based offering that fits into existing enterprise environments without disruption and delivers the fastest time to value. By empowering mobile customers to retrieve and update vital information from any application, ClairMail removes the friction from customer interactions and makes a company's mobile workforce more productive. Founded in 2004, ClairMail is headquartered in Novato, Calif. The company is privately held and funded by Norwest Venture Partners and Outlook Ventures. For more information call (415) 884-7270 or visit www.clairmail.com

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