

Scratch Cash Overview

© Copyright: Ben Livson 1998-2006. All rights reserved.

What is Scratch Cash ?

- **Direct substitute for cash**
- **Paper/Polymer card with peel-off card number and a series of scratches (or peel-offs) assigned monetary values**
- **Each scratch hides a bar code and corresponding character set as the keys to using the designated value**

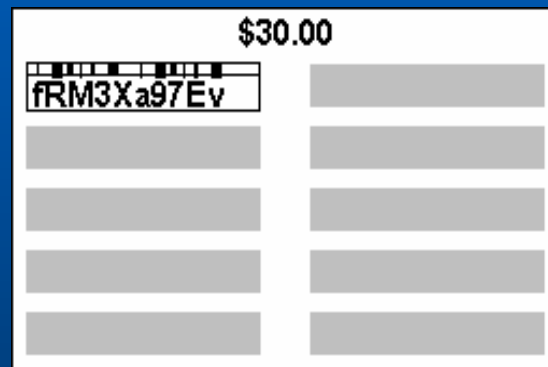
Front View of Scratch Cash Card

<http://www.merchant.com>
Merchant ID: A53451 Card ID: A345bY1e47



Figure 1: Example Front Side of a \$30.00 card (\$300.00 total).

Rear View of Scratch Cash Card



Benefits of Scratch Cash to Consumer

- Direct substitute for cash at no cost to the consumer
- Anonymity of cash preserved
- Consumer's risk limited to scratch amount
- No technology required for consumer to utilise
- Can be replaced if lost or stolen
- Character sets have low probability of being generated fraudulently

Benefits of Scratch Cash to Issuer & Merchant

- **Optimum solution for e-commerce, mail order or telephone transactions**
- **No Issuer or Merchant credit risk**
- **Bar code provides ease of use in regular retail environment**
- **Eliminates cash handling issues in retail environment**
- **Merchant fees competitive with credit card and cheque guarantee providers**

Scratch Cash Revenue Sources

- **Prepayment generates significant “float”**
- **Merchant fees for clearing transactions**
- **Significant “unused” Scratch Cash windfall possible**
- **Advertising**

Scratch Cash Cost Structure

- **Technology network similar to credit cards**
- **Retail bank(s) likely distribution system - trust accounts offered as a major revenue source for banks**
- **Distribution**
- **Advertising and Bank Marketing**

Competition

- No broad based “cash” substitute competition
- E-commerce competitors include Cybercash, Ecash & 20+ others
- Credit cards
- SET standards based e-commerce
- Smart cards

Competitors' Strengths

- **Cybercash, Ecash etc. have Internet based distribution**
- **Credit cards provide credit for consumer purchases**

Competitors' Weaknesses

- **Most competitors do not offer anonymity**
- **Cybercash, Ecash etc. are for Internet based transactions only**
- **Credit cards provide significant Issuer and Merchant credit risk**
- **Complexity of use and implementation, e.g. certificates**

Opportunity

- **Inventors willing to consider active role in development company**
- **Inventors seeking once off up-front payment for patent**
- **Inventors looking for equity in development company (if role active) or ongoing revenue based royalty**