



Press Release

European Privacy Seal for Cross-border and Domestic Card-present fraud management solution VALid-POS® Standard Edition by ValidSoft Ltd.

Kiel/London, 07 July, 2010

The European Privacy Seal is granted to ValidSoft Ltd. for its VALid-POS® Standard Edition v.2; a solution for Cross-border and Domestic Card-present fraud management. The seal is presented to the Dublin-based company in an award ceremony today at The Future of Cards & Payments Conference. VALid-POS successfully proved compliance with the high demands of European data protection law.

VALid-POS is a tool to assist financial institutions in identifying possibly fraudulent credit- and debitcard “card-present” transactions at Automated Telling Machines (ATMs or “cashpoints”) and at Point of Sale (POS) terminals, as used in supermarkets, retailers, restaurants, etc. VALid-POS helps to verify, whether the card that is being presented is in the same country or area as the mobile phone that the card owner has registered with the bank. The tool seeks in particular to reduce the percentage of “false positives” (transactions wrongly identified as probably fraudulent by the banks’ or payment processors’ own “risk engines”), and therefore wrongly declined, from approx. 90% to less than 10%.

VALid-POS successfully proved its compliance with European data protection law and is therefore granted the European Privacy Seal – EuroPriSe.

Plastic Card fraud has reached unprecedented levels around the world. In the US in 2008, Credit Card fraud reached over \$15.5bn, a 100% increase over the previous year. The picture is the same across Europe and the rest of the world. The total fraud in Europe is estimated at between €5bn and €7bn in 2008. These are only the headline numbers, but do not include the processing costs to the banks of dealing with fraud, resolving false positives, lost interchange fees and cards potentially becoming dormant. Leading research analysts are predicting that this type of fraud will treble in the next 3 to 5 years.

Due to the limitations of current fraud detection technology in use today, the banking industry carries a significant cost in terms of false positives. A false positive occurs when a genuine transaction is incorrectly deemed to be fraudulent. The industry average for false positives is 9 in 10, - this means that for those transactions that are considered to be fraudulent, out of every 10 such transactions typically 1 is fraud and the remaining 9 are false positives. This equates to a 90% failure and the consequences are significant for both the industry and consumers alike.

The EuroPriSe trust mark (www.european-privacy-seal.eu) is issued by an independent certification body to IT products and IT-based services after successful completion of a quality-backed procedure: an evaluation by accredited legal and technical experts is validated by an independent and impartial certification body at the Unabhaengiges Landeszentrum fuer Datenschutz (ULD, Independent Centre for

Privacy Protection). The seal as well as the public reports provide transparent guidance when choosing or privacy valuating an IT product or IT-based service.

“The evaluation confirmed that VALid-POS sticks to the principle of data avoidance and minimisation by keeping the personal data processed to the absolute minimum and by making use of obfuscation measures.” states Kirsten Bock, head of EuroPriSe at ULD. Data Protection Commissioner and head of ULD, Thilo Weichert: “It is important to highlight that ValidSoft comprehensively informs buyers of the software about their data protection obligations in an exemplary manner.”

About EuroPriSe

EuroPriSe is an initiative led by the Unabhaengiges Landeszentrum fuer Datenschutz (Independent Centre for Privacy Protection, ULD), Germany. EuroPriSe was funded with 1.3 million Euro by the European Commission’s eTEN program. The EuroPriSe project consortium led by ULD included partners from eight European countries: the data protection authorities from Madrid (Agencia de Protección de Datos de la Comunidad de Madrid, APDCM), and France (Commission Nationale de l’Informatique et de Libertés, CNIL), the Austrian Academy of Science, London Metropolitan University from the UK, Borking Consultancy from the Netherlands, Ernst and Young AB from Sweden, TÜV Informationstechnik GmbH from Germany, and VaF s.r.o. from Slovakia. For more information please visit: www.european-privacy-seal.eu

About ValidSoft

ValidSoft is a member of Elephant Talk Communications, Inc. (OTCBB: ETAK), and is a market leader in providing solutions to counter electronic fraud relating to card, the internet, and telephone channels. ValidSoft’s solutions are the cutting edge of the market and are used to verify the authenticity of both consumers and institutions (Mutual Authentication), and the integrity of transactions (Transaction Verification) for the mass market, in a highly cost effective and secure manner, yet easy to use and intuitive. For more information please visit www.validsoft.com

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