



Card Academy Bulletin

ISSUE # 01, February 2008

Card Academy

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Latest news from Card Academy

Card Academy launched based out of Copenhagen

Card Academy was established on February 1st 2008 as a Copenhagen based educational platform on issues related to domestic and international payments cards. The ambition is to “bridge the gap” between International Card Schemes – e.g. American Express Ltd., MasterCard International and Visa International – and the needs of employees in local branch offices.,

The defined mission for this project is: “Your local Card Academy”.

Our vision is to be known as a local service provider, with local presence in the Nordics and the Baltic Rim.

For further information about how we can support your business please send an e-mail to our dedicated support centre address globalinfo@card-academy.com .

The Card Academy Bulletin

This is a confidential, high-level industry news and business intelligence update bulletin. For further information on any of the items contained within the bulletin or to discuss the potential impact of these items on your business, please contact Card Academy on our dedicated support centre e-mail address globalinfo@card-academy.com .

The Card Academy Bulletin is issued every second week.

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The Nordic & Baltic States news

S-Bank Ltd., launches Europe's first Visa Debit and Credit multi-application EMV card in Finland

S-Bank Ltd is the first issuer in Finland and in Europe to offer the Visa Credit and Visa Debit multi application on chip and PIN payment cards, presenting exciting opportunities for customers and issuers

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alike. As a new entrant to the banking market, S-Bank is demonstrating its commitment to innovation by leading the way in harnessing the true power of the chip to benefit customers. The installation of BankWORKS with its suit of modules for Issuing, Acquiring, Clearing, etc including all required interfaces to the various systems at S-Bank have been delivered with high quality and according to the project plan allowing the bank to start its operation on time. (Source: RS2 December 2007)

Paynova AB appoints Mr. Björn Wahlgren as CEO

Mr. Björn Wahlgren was appointed CEO of Paynova AB in Sweden effective 23 January 2008.

Paynova offers an international, account-based complete service for payments via the Internet. With Paynova as the only counterpart, e-retailers can get a payment guarantee for 21 payment options with credit cards, debit cards and Internet banks, in 12 languages with 11 currencies in a security-certified interface (PCI). Consumers can open an account, a Paynova Wallet, for free on the Internet to make purchases simpler and more secure, as well as look after transfers between family members, friends and acquaintances. Paynova has agreements with around 1 800 e-retailers. Most are found in the following prioritised segments: travel, retail and media/network games. The company has been listed on NGM Equity since February 2004. For more information: www.paynova.com. (Source: Paynova)

PBS to join the European market on SEPA

A group of 117 banks and saving banks in Denmark have joined together with PBS in creating a full service SEPA Direct debit solution.

PBS will be the service provider to these banks, when combining a SEPA-compliant Direct debit product with advanced additional services, including – for a start – surveillance facilities, interactive information etc.

“Although Denmark currently is not a euro country, we are fully aware where the future market lays. We want to be ready in time, and we welcome that PBS, with whom we have a long well established business relation, is capable of bringing this service to market,” says Anders Dam, CEO, Jyske Bank. Jyske Bank is one of the banks signing this contract.

PBS has one of the most advanced and secure payments infrastructures available, and wants to maintain this position. That is why PBS is investing heavily in future payment and information systems.

“This contract represents PBS’ initial SEPA effort. We are looking forward to continuing and expanding our cooperation with this large group of banks. PBS is sending a clear message: We want to provide SEPA services to banks and their customers – in Denmark and abroad. We are pleased to take part in meeting the challenges of the upcoming SEPA-market,” says Flemming L. Jensen, CEO, PBS. (Source: PBS, January 22, 2008)

Europe & World Wide news

Ingenico makes offer to acquirer Hypercom

Ingenico announced that it has sent a letter to the Board of Directors of Hypercom Corporation "offering to acquire all of the outstanding shares of Hypercom for \$6.25 per share in cash."

Philippe Lazare, Chief Executive Officer of Ingenico, said, "We believe our offer provides a compelling value proposition for the Hypercom shareholders. Unfortunately, even though we have provided the

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company with evidence of our ability to finance the transaction and requested customary due diligence, Hypercom has been uncooperative with regards to a reasonable path forward. We are prepared to move quickly to execute on a transaction, but are not interested in proceeding if Hypercom consummates its proposed acquisition of Thales. We believe that a transaction between Ingenico and Hypercom would create significant value for the shareholders of both companies and urge the Hypercom board of directors to consider it carefully." (Source: *Payment News*, 11 February 2008)

UK's OFT publishes Credit Card comparison report

The UK's Office of Fair Trading has published its report into credit card comparisons, making a series of recommendations to help consumers choose a credit card. According to the OFT, "the report follows a super-complaint from Which? that highlighted that consumers choose credit cards without understanding all the issues that affect the cost of the card. OFT research shows that 70 percent of credit card holders did not shop around before selecting their current card, and that this meant they could be placing themselves at a financial disadvantage."

APACS, on behalf of the UK credit card industry, said it "welcomes the OFT's report on improvements that can be made to help consumers compare credit cards. The industry is committed to working with the OFT and the FSA to deliver the full package of recommendations including the impartial comparison website." (Source: *Payment News*, February 12, 2008)

One in eight EU adults too scared to shop online

One in eight adults within the European Union's 27 countries do not use online shopping services due to fear of identity theft, according to figures from Eurostat, the statistical office of the European Communities.

However despite these concerns the Eurostat data - which has been collected from the 2006 and 2007 surveys on Information and Communication Technologies (ICT) usage in the EU27 - shows that the number of people shopping online is rising. In 2007 30% of EU adults ordered goods or services online - up from 24% in 2005.

But the figures do show a marked difference between EU member states in the take up of online shopping. The highest proportions of Web shoppers in 2007 were in the Netherlands (55%), followed by Sweden (53%) and the UK (53%). In contrast, just three per cent of people in Bulgaria and Romania bought goods and services over the Web.

The statistics - released in connection with Europe's fifth annual Safer Internet Day - show that a significant number of people are still concerned about Internet fraud. In 2006, 12% of people aged 16 to 74 in the EU did not shop via the Internet because of fears about giving credit card or personal details online. Security concerns were most prevalent in Spain (27%), Finland (26%) and Cyprus (20%).

The stats show that the number of people using the Internet increased from 52% in 2006 to 57% in 2007. Of these Internet users, the proportion that logs on to Web banking has increased from 38% in 2006 to 44% in 2007.

Finland had the highest proportion with 84% of Internet users banking online, followed by Estonia (83%) and the Netherlands (77%). In contrast just 12% of Web users in Greece used Internet banking and this number falls to seven per cent in Romania and just three per cent in Bulgaria. (Source: *Finextra*, February 12, 2008)

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Scheme news

Visa Europe

Visa Europe, the European payments system, announces another year of double digit growth, with nearly 350 million Visa cards now in circulation.

In a year of significant change in the European cards market, Visa Europe reported increases in excess of 11% in terms of cardholder spending at point of sale and the number of retail transactions in the year to 30 September 2007.

Visa Europe began 2007 with full SEPA (Single Euro Payments Area) compliance one year ahead of the 1 January 2008 deadline. At the end of 2007 over half of all Visa cards and POS terminals in Europe were using chip and PIN technology. Europe leads the world in the deployment of this technology, providing optimal card security and the most advanced technological platform for payment innovation.

Investments in innovation bore fruit with the first consumer roll outs of Visa payWave, Visa's contactless payment solution for low-value transactions, in London and Istanbul.

Deployment of Visa Europe's state of the art processing systems with its 4,600 member banks was completed. This purpose-built European processing system is four times faster than competitors and establishes Visa Europe as the largest inter-bank card processor in Europe with a total of six billion transactions processed in 2007.

V PAY, the chip and PIN-only debit card, is now a reality in Germany and Italy, and in total 22 banks in eight countries have committed to issue 20 million V PAY Cards, a success due to V PAY being more secure and cheaper to operate than existing domestic debit schemes. In other European markets, Visa Debit cards have continued to grow and a major success was the decision of HSBC to switch its near 10 million UK debit card portfolio to Visa Europe, in recognition of the strength of the Visa brand and its global acceptance.

Fastest growth has been in commercial cards with business and government using card payments for a further 26.5% of their spending. The Visa Government Procurement Card celebrated its 10th anniversary with 34% increase in programmes in eight countries. *(Source: Visa Europe, 21 January 2008)*

MasterCard International

MasterCard Worldwide announced the immediate availability of a complimentary educational webinar developed to help merchants understand the newly available PCI Data Security Standard Self-Assessment Questionnaire (PCI DSS SAQ) version 1.1 that has been updated and released by the PCI Security Standards Council.

The PCI DSS, which was developed by MasterCard in conjunction with the founding payment brands that comprise the PCI Security Standards Council, sets forth requirements for enhancing payment account data security and is intended to help companies protect payment account data. The multifaceted security standard includes requirements for security management, policies, procedures, network architecture, software design and other critical protective measures.

A crucial component of PCI compliance is the Self-Assessment Questionnaire, a validation tool intended to assist those merchants and service providers that are not required to have onsite assessments to self-evaluate their compliance with the PCI DSS. There are multiple forms of the SAQ to meet various

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scenarios, depending on how an organization stores, processes, or transmits cardholder data.

The updated SAQ version 1.1, which is intended to simplify and streamline the assessment process, was released today by the Council.

MasterCard's new Web-based module features actionable advice from MasterCard industry experts to help acquiring banks and merchants better understand the new updated SAQ. The webinar is now available online at www.webcasts.com/mastercardpci. (Source: *MasterCard*, 6 February 2008)

American Express

Americans are not just striving for stronger arms and tighter abs this year, they are also aiming to strengthen their financial fitness. A recent American Express survey of 2,025 U.S. adults aged 18 and older conducted by Harris Interactive® shows that improving financial fitness is equally as important as physical fitness in 2008. The majority of respondents indicated that it is important to them to improve upon personal financial/fiscal fitness and physical fitness/health this year (89 percent and 88 percent, respectively). Just as the right exercise equipment facilitates a good physical work out, one critical step toward improving fiscal fitness is having the right financial tools, including the optimal credit or charge card to meet one's financial and lifestyle needs.

The recent 2007 J.D. Power and Associates Credit Card Study, in which American Express ranked "Highest in Customer Satisfaction with Credit Card Companies," indicated that benefits and services have an important impact on consumer satisfaction with their credit card. However, the American Express survey reveals more than half (51 percent) of U.S. adults whose credit card(s) have benefits do not think they are taking full advantage of those benefits and features. Survey respondents said they do have a desire to learn more about what is on their cards, specifically:

- Rewards Programs (48%)
- Identity Theft / Account Protections (40%)
- Buyer Protection Services (35%)
- Traveler Protection Services (29%)
- Insurances (e.g., car Insurance) (21%)

"Our survey reveals that U.S. cardholders are not taking full advantage of or do not know the full extent of the benefits and features on their cards," said Larry Sharnak, Executive Vice President and General Manager of Consumer Cards at American Express. "American Express is committed to helping Card members understand the valuable benefits and features of their Card, while at the same time providing them with the resources to make sound choices for their fiscal fitness. (Source: *American Express*, February 7, 2008)

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