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Latest news from Card Academy

Rixtar SIA and Card Academy signs Partner agreement on educational services

It is with great pleasure that we can now announce Rixtar SIA as our partner on Card Academy educational services.

Rixtar SIA is a Latvian based company with its offices in Riga. The company was recently established by people who all hold a long record within the international Payments Cards area. Rixtar SIA will market and deliver educational services covering Estonia, Latvia, Lithuania, CIS and Eastern Europe countries.

For further information please contact Mr. Ivo Almanis, Board Member or visit www.rixtar.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 .

To unsubscribe from this Card Academy Bulletin please send an e-mail to globalinfo@card-academy.com .

Yours sincerely,

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Managing Director, Card Academy



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The Nordic and Baltic States news

Swedbank brand to be launched in the Baltic countries

In the autumn of 2008, the Hansabank brand in the Baltic countries will be changed to Swedbank. The full brand migration will take about one year and is expected to be completed by the autumn of 2009.

"During the past two years, the Swedbank brand has been successfully launched in Sweden, Russia and Ukraine. The re-branding of our Baltic operations is an important step in our strategy to strengthen our position as the leading bank of the Baltic Sea region," says Jan Lidén, President and CEO of Swedbank.

The Baltic market is a key part of Swedbank's operations. As of 2005, Hansabank is a fully-owned subsidiary of Swedbank Group.

"The upcoming re-branding is a way of showing our long-term commitment to the Baltic market," concludes Jan Lidén. (Source: *Swedbank, May 2008*)

DIBS payment Services has launched e-commerce survey

In cooperation with Zapera DIBS Payment Services has made the first collective Pan-Nordic survey on the development of e-commerce. This survey concludes that the majority of Internet-users in these countries actually also use the Internet for shopping, and cardholders as well as merchants feel very confident about the security on the Internet. Also, they all have great expectations for the future development of e-commerce.

Based on this survey an annual turnover of some DKK 135 billion for the whole of the Nordics is estimated. (Source: *DIBS, May 2008*)

Nordic Capital extends offer for TietoEnator

Private equity firm Nordic Capital has extended the offer period for its EUR15 per share bid for IT services firm TietoEnator after the European Commission (EC) gave the deal the greenlight.

TietoEnator originally rejected the unsolicited EUR1.1 billion takeover bid from Nordic Capital's bid vehicle Cidron Services in March. Matti Lehti, chairman of the board, TietoEnator, said at the time the offer "does not reflect the true value of TietoEnator shares".

Nordic Capital later extended the offer period for the bid from 28 April to 9 May. The private equity firm has now moved to extend the offer period again to 16 May.

In a short statement, TietoEnator repeats its earlier claims that the price offered by Cidron Services "does not reflect the true value of the company" and recommends shareholders and holders of stock options "not to accept the offer".

However the EC has cleared the proposed takeover and says any deal "would not significantly impede effective competition in the European Economic Area or any substantial part of it".

The Commission says that although Nordic Capital owns Swedish IT company Aditro, the "horizontal overlaps" between the services offered by the two vendors are limited. In addition, the combined group would still face considerable competition in the field from major outfits like IBM, CapGemini, Accenture and Hewlett-Packard.

If the bid is successful Cidron Services will de-list TietoEnator and install Harri Koponen as executive chairman of the company. (Source: *Finextra, May 2008*)

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Europe & World Wide news

First Data and European banks team up to expand EUFISERV's European interbank processing business

First Data Corp., a global leader in electronic commerce and payment services announced today that it has signed an agreement with EUFISERV and its fifteen shareholders, which includes twelve European banks and banking organisations, with the intention of expanding and developing the European inter-bank processing network that is managed by EUFISERV.

EUFISERV, which is based in Brussels, provides inter-bank switching of Point of Sale (POS) and Automated Teller Machine (ATM) transactions, including authorisation, clearing, settlement and value-added services to payment card issuers, acquirers and payment schemes. EUFISERV together with First Data will further develop these services which will be compliant with the Single Euro Payment Area (SEPA) framework requirements.

The company will also be well positioned to service a new class of "Payment Institutions" created by the European Commission's Payment Services Directive (PSD). Connecting the existing networks of EUFISERV and First Data will create the opportunity for customers to access more than 74,000 ATMs, 1.5 million POS merchants and to reach more than 165 million debit and credit card accounts in Europe.

Ernst Verbeek, currently Vice President, Interbank Processing Services at First Data, and Petter N. Johansen, currently Managing Director at EUFISERV, will be appointed by the shareholders, as Managing Director and Chairman respectively. A new Board of EUFISERV will be made up of the Chairman, the Managing Director and representatives from the original EUFISERV shareholders and First Data.

Completion of the transaction is conditional upon satisfaction of customary closing conditions, which is expected within the next few weeks. (Source: EUFISERV, May 2008)

Aconite reports Visa Europe contract

Visa Europe has selected UK smart card specialist Aconite to provide technology to support the development of its new payWave pre-paid card.

The vendor says it will adapt its Smart PrePaid (SPP) software to support Visa Europe's new pre-paid chip specification. This will be used for a delivery pilot with issuers, designed to minimise the impact and integration requirements with existing systems, before a wider rollout.

Aconite's SSP software enables issuers to perform secure pre-paid transactions offline without the need for online authorisation. The available balance is stored on the card and tracked in a shadow account, reducing each time a purchase is made. The shadow account ensures that once the pre-paid balance is exhausted, no further purchases can be made until it is topped up and the card is updated via an online transaction.

Mike Woods, CEO, Aconite, says: "From our experience there is a high demand for a solution that enables issuers to rapidly embrace the enormous potential that pre-paid brings such as gift cards, payroll and travel, and to address segments such as youth and unbanked."

Last year Visa teamed with m-banking outfit Monitise to develop a mobile pre-paid account service for the European market. The service will enable customers to create Visa pre-paid accounts on their mobile phones that can be loaded with funds from a bank account or a credit or debit card. The vendor

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said in February that the first pre-paid product arising from the Visa partnership is expected to launch in the second half of the year. (Source: *Finextra, May 2008*)

Banks boost current account fees in race to beat OFT cap

Millions of current account customers face an increase of up to 20 per cent in monthly fees as banks seek to boost revenues before a ruling by the Office of Fair Trading (OFT) that could cap overdraft charges.

An estimated seven million consumers, already squeezed by soaring food, fuel and utility costs, will see the monthly charge for their current accounts jump as banks look for new ways of raising profits.

Royal Bank of Scotland, NatWest, owned by RBS, and Lloyds TSB are all raising monthly fees for customers. The rise will hit those who have signed up to packaged current accounts, which include extras such as travel and mobile phone insurance, to justify the monthly fee.

About two million Lloyds TSB customers with Gold and Platinum accounts experienced monthly charge increases of £2 to £12 and £17 respectively on May 1. The bank is the market leader in packaged accounts. It recently appointed Helen Weir head of retail banking; however, the decision to increase charges was made before she joined the bank.

RBS and NatWest are increasing charges by 95p on the Royalties and Advantage accounts. RBS increased its charges on May 5, and NatWest is to introduce the new fees from May 31. NatWest customers with an Advantage Private account will see their monthly fee rise by £1.40 to £19.95.

There has been a huge increase in the number of customers opting for packaged accounts, and an estimated 40 per cent of RBS and NatWest's 14 million current account customers pay a monthly account fee.

Lloyds TSB, RBS and NatWest are part of a group of banks and a building society considering an appeal against a High Court ruling at the end of last month that allows the OFT to investigate overdraft charges levied by banks on customers who exceed their limits. The charges, which the OFT believes are disproportionately high, can be as much as £39.

There is speculation that the banks will be forced to consider other ways to raise money, including ending free banking for all customers, if the OFT is able to force a cap on overdraft fees. (Source: *Finextra, May 2008*)

Photo Gift Card for SUBWAY

PhotoGIFTCARD.com has announced that it has signed an agreement with Value Pay Services LLC, the issuer of the SUBWAY Card, to manage online gift card fulfillment for the SUBWAY Card program, including its Limited Edition and Photo Gift Card programs.

Through the agreement, PhotoGIFTCARD will handle the SUBWAY(R) online card program through its design-to-delivery web application that enables customers to create and purchase gift cards with their own personal photos and messages.

PhotoGIFTCARD's solution includes a user-friendly online interface, seamless ordering process, and back-end technologies that allow for order tracking, reporting and fulfillment. Using the interface, customers upload their own images and text to customize their cards. All content is screened to ensure quality control and that images stay within acceptable use and brand guidelines.

"Gift cards are now an essential part of any retail business. However, by giving our customers a means to create their own card, we are able to create a fun and personal experience that is directly tied to our



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brand," says Ned Daley, Marketing Specialist, SUBWAY Restaurants. "This is another way to stand apart from the competition and connect with our customers in a more powerful way."

The customized cards can be loaded with various denominations between \$5 and \$100. The cards are reusable and re-loadable at any time. SUBWAY Cards are used as a gift or personal spending card, as well as for incentives and awards. They are available online at <http://www.mysubwaycard.com> or at <http://www.photogiftcard.com>. (Source: *PaymentNews*, May 2008)

US interchange battle heats up

As the interchange debate heats up in the US, banks and credit card networks have seized upon a report by the Government Accountability Office (GAO) that claims a reduction in interchange fees would not necessarily benefit customers.

Publication of the report comes as retailers and card networks square off in front of a House Judiciary Committee antitrust task force which is investigating proposals to introduce the Credit Card Fair Fee Act and give merchants more power to negotiate interchange fees.

The GOA report found that federal agencies have reported higher levels of customer satisfaction and improved operational efficiency since accepting credit and debit cards. Some agencies have also attempted to negotiate lower interchange fees, with "mixed success".

The GOA also casts doubts on claims that government moves to cut interchange fees in other countries has benefited consumers.

However in a statement, Mallory Duncan, senior vice president and general counsel at The National Retail Federation (NRF), said there is "no transparency and no negotiation under the current system".

"Legislation would bring about true competition among the banks that issue credit cards, giving retailers the opportunity to negotiate terms on behalf of themselves and their customers that reflect the actual cost of the services provided," said Duncan.

In the US the percentage of interchange fees is set by the credit card companies - generally Visa or MasterCard - and averages 1.75% of the total purchase price. (Source: *Finextra*, May 2008)

Metavante Gets First PABP Issuing Certification from Visa Europe

Metavante Technologies Ltd. has announced that it has been granted Payment Application Best Practice (PABP) certification from Visa Europe for both card issuing and transaction acquiring.

Metavante Technologies Ltd., a provider of prepaid and debit card processing and licensed software in Europe, is part of Metavante, a U.S.-based provider of banking and payments technology.

Metavante Technologies Ltd. is the first payments software vendor to receive PABP certification for card issuing software from Visa Europe. This certification signifies that Metavante Technologies meets industry standards for cardholder data security, providing its clients with the platform necessary to adhere to the Payment Card Industry Data Security Standard (PCI DSS), which seeks to better protect consumer payment account data.

Ambersail Ltd., a Qualified Security Assessor for Payment Card Industry (PCI) compliance, conducted the audit of Metavante Technologies Ltd.'s CORTEX card processing software platform. The regulations enforced by Visa Europe to become PABP certified are derived from PCI DSS compliance regulations. The PCI DSS is a comprehensive payments industry security standard meant to help organizations protect customer account information.

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Metavante Technologies' CORTEX platform is a highly scalable, comprehensive card payment software solution for the banking industry, processing prepaid, debit and credit card-based transactions at every level of an electronic funds transfer network.

Scheme news

Banque Populaire Group and Visa Europe announce the launch of a contactless payment pilot in Besançon

In Besançon, Banque Populaire Group is launching the Flash card pilot project for payment with the "contactless" Visa Carte Bleue card, which implements the Visa payWave technology. The experiment will run until next November with the collaboration of 200 retailers who are clients of Banque Populaire Bourgogne Franche-Comté. It will enable nearly 4,000 holders of the Banque Populaire Flash card to pay for purchases of less than 20 euro – in less than a second.

With the Visa payWave card, holders can pay for low value every day items in less than a second. At the checkout, the consumer just waves his card in front of a "contactless" reader, a light signals that authentication has taken place and the transaction has been approved. The process is simple, fast, and as secure as a traditional bank card, not to mention the fact that the card never leaves the holder's hand.

Banque Populaire's Flash card will be used to pay for purchases of less than 20 euro, which are usually paid in cash. For amounts exceeding 20 euro, the client will use the same card, but in the traditional way, by entering his PIN.

Contactless payment hinges on the inclusion of a radio antenna in the body of the card, which makes it possible to establish very short distance – a few centimetres – wireless communication with the reader, which is connected to a terminal. (Source: Visa Europe, May 2008)

MasterCard teams with Payzone for pre-paid re-load service

MasterCard is teaming with Irish e-payments outfit Payzone to offer a Europe-wide point-of-sale re-load service for its pre-paid cards. The MasterCard rePower service will initially be rolled out in the UK in early 2009 by Newcastle Building Society in association with pre-paid card outfit Altair Financial.

The new service will enable cardholders to re-load MasterCard and Maestro prepaid cards using chip and PIN-based technology as well as conventional 'swipe' technology.

MasterCard says chip and PIN reloading will provide issuers and retailers with a means of authenticating cardholders. It also caters for Europe's migration to EMV and the emergence of pre-paid card programmes that can load and activate money held on the chip.

Paul Bartholomew-Keen, business leader, pre-paid Europe, MasterCard, says: "Although people can reload their pre-paid cards at the point-of-sale today, the separate arrangements with the 'top-up' networks often means that cardholders receive a multitude of service experiences, and a wide range of timescales for when their money is available."

Last year MasterCard commissioned research from Boston Consulting Group which estimated spending on pre-paid payment cards in Europe will reach US\$164 billion by 2010. (Source: *Finextra*, May 2008)

Visa Inc. to Make Operating Regulations Available to the Public

Visa Inc. has announced that it will for the first time make its Visa International and Regional Operating Regulations available publicly, effective May 15, 2008. According to Visa, the Operating Regulations,

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which will be available on Visa's corporate website at <http://www.corporate.visa.com>, are 'the set of rules which govern the participation of issuing and acquiring financial institutions in the Visa system.'

Visa also said that 'to protect cardholder and merchant safety and the Visa system, Visa has omitted proprietary and competitive information, as well as certain details from the rules relating to the security of the network. For example, in the merchant rules, Visa has omitted authorization limits by country and processing codes which could aid fraudsters.' (Source: *Payment News, May 2008*)

Visa Introduces the Visa Meetings Card

Visa Inc. has announced the Visa Meetings card, the newest member in its suite of commercial payment solutions to help businesses more strategically manage this expense category.

The Visa Meetings card includes the features of the existing Visa Purchasing and Visa Corporate payment cards. This combination offers a flexible procure-to-pay solution to help companies simplify the process to purchase, pay, reconcile and report on meetings-related expenditures. The new card provides corporate expense managers the ability to tailor a card program to meet their specific company needs while helping them to reduce costs, streamline operational and payment processes and make more informed business decisions.

The Visa Meetings card builds upon a strategic alliance with Arcaneo, a leading global meetings technology provider, to integrate Visa Meetings card transaction data into Arcaneo's Metron strategic meetings management system. This integration provides mid-size, large and multinational enterprises, along with meeting and travel management companies with the information they need to more efficiently manage meetings expenses.

Web-based data and reporting tools available through Visa Information Management, an integral component of the Visa Meetings card, further improves company visibility into meetings spending. These tools provide access to transaction details and e-folio data from hotels, airlines, car rental agencies and other suppliers through easy-to-read reports, expense reporting tools, cardholder statements and file extract capabilities. These tools also enable consolidation of spending data from Visa commercial card programs across all departments, divisions and subsidiaries within a company to provide management with an aggregate view of all business expenses for travel, procurement and meetings. (Source: *PaymentNews, May 2008*)

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