



Items in this issue:

Latest news from Card Academy..... 1	Gemalto reports Italian transit ticketing deal 4
Card Academy to take part in the 5th International PlusCON Conference..... 1	UK's PayforIT Becomes Online Alternative Payment Mechanism 4
The Card Academy Bulletin 1	First Data Enters into Direct Merchant Business in Austria 5
The Nordic and Baltic States news..... 2	5 ways to prepare today for the risk of lower interchange revenue tomorrow..... 5
Getitcard – a digital cash solution 2	US consumers choose credit cards over loans 6
DIBS enters into cooperation with German company Pago..... 2	Scheme news..... 6
Coop in Denmark enables its grocery stores to accept international payment cards 2	Visa Europe statement: phishing incident in Sweden 6
Paynova and Mobilcash provide e-retailers with increased income through a mobile payment service..... 3	GPC Visa celebrates ten years of improving public sector efficiency..... 6
Europe & World Wide news..... 3	
News from the Russian Central Bank 3	

Latest news from Card Academy

Card Academy to take part in the 5th International PlusCON Conference

Card Academy will be one of the exhibitors at the 5th International PlusCON Conference in Copenhagen. Please be welcomed at our stand for more information on how we can support you in your business. On 7th and 8th October 2008 more than 100 payment specialists and decision-makers will gather in Copenhagen to exchange best practices, build professional relationships and preview latest innovations in the Card Payments Industry. Don't miss your opportunity to keep pace with industry changes and benefit from this important Nordic card forum.

For further information please visit www.plusconference.dk . (Source: PlusCON, May 2008)

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, please contact our dedicated support centre e-mail address globalinfo@card-academy.com .

To unsubscribe please send an e-mail to globalinfo@card-academy.com .

Yours sincerely,

Kurt Andersen

Managing Director, Card Academy



The Nordic and Baltic States news

Getitcard – a digital cash solution

Getitcard is a prepaid card offering the easiest and most flexible digital cash solution for online payments. Getitcard opens a new market opportunity for online payments by providing digital cash for “cardless” and “teens”

All payments are anonymous, untraceable and secure for all micro payment services worldwide including online services, money transfers and micro loans. Getitcard provides a unique and safe way of making micro transactions with no credit risk or risk of identify theft

The product requires no registrations and offers an easy-to-use payment method, while preventing access to adult sites and gambling services.

The solution has been launched in Denmark, Sweden, and coming soon to Norway where they have achieved “proof-of-concept”. Supported by the Danish Foreign Ministry (Danida) it is also focusing on spreading the concept to Africa and other third world countries.

Offices are currently established in Copenhagen, Stockholm, Beijing & representative office in San Jose (US). (Source: *Getitcard Scandinavia A/S*, May 2008)

DIBS enters into cooperation with German company Pago

DIBS Payment Services AB (publ), listed on First North, has entered into a partnership agreement with German payment service company Pago eTransaction Services GmbH. This cooperation means that DIBS can now offer its customers the German GiroPay payment method. This cooperation also means that Pago will be assisting with local card acquisitions in Germany.

GiroPay, which resembles the Swedish model involving Internet bank payments, is the payment method undergoing the strongest growth in the field of e-commerce in Germany. The service saw a growth in excess of 200 % on the German market in 2007.

“We have been offering our e-commerce stores the opportunity to accept payments using OELV, Germany’s biggest payment method, since 2002. Now we have a complete solution for accepting payments from German e-commerce consumers. This partnership with Pago is also in line with our strategy, which involves growth towards northern Europe with our existing customers. In our latest customer survey, more than 40 % of our customers said they are interested in expanding their businesses in Germany,” says Eric Wallin, Managing Director of DIBS.

Pago eTransaction Services GmbH of Cologne in Germany is a payment services company founded in 1999. Pago provides regional payment methods for a range of countries and offers its services via international partners. Pago’s services are used by more than 6 000 clients in Europe.

“We are very pleased that DIBS has elected to become one of our partners. I am quite sure that our products will reinforce DIBS’ market-leading position in the Nordic Region,” says Jürgen Herold, Managing Director of Pago eTransactions Services. (Source: *DIBS A/S*, May 2008)

Coop in Denmark enables its grocery stores to accept international payment cards

Denmark’s largest retail group, Coop Danmark, is the first large grocery store to offer its customers the option of using international payment cards in their stores.

International payment cards such as Visa, MasterCard, Amex etc. can now be used to pay when shopping in Kvickly xtra, Kvickly, SuperBrugsen, Dagli’ Brugsen, LokalBrugsen and Irma.

This means that the many customers, particularly young people under the age of 18, who use international payment cards such as Maestro or Visa Electron can now pay for their daily shopping with these cards and avoid the need to carry cash when shopping at their local supermarket.

Whilst Card Academy has used reasonable efforts to obtain information from sources which it believes to be reliable it does not make any representations or give any warranties or guarantees that the information provided or any opinions expressed herein are accurate, reliable or complete and none should be relied upon as statements of fact. In no event, including (without limitation) negligence, and in no circumstances will Card Academy be liable for any loss or damage of any kind whatsoever, including (without limitation) any direct, special indirect or consequential damages, caused by the use of or reliance upon information provided or opinions expressed herein.



It also means that tourists in Denmark will be able to use their payment cards to a much wider extent when shopping in grocery stores. Danes are increasingly using international payment cards and now get an additional option when paying at the till.

Danes will not be charged a fee when using an international card issued in Denmark, regardless of whether they do their shopping at Coop or in other stores in Denmark. A fee may, however, be charged for payment with international cards issued outside Denmark. (Source: PBS, June 2008)

Paynova and Mobillcash provide e-retailers with increased income through a mobile payment service

Paynova – based in Stockholm, Sweden - has established a partnership with Mobillcash, one of the world's leading suppliers of mobile payment services. Paynova's payment service is to be supplemented by yet another payment method – via mobile phone. This strengthens the potential of Paynova's customers with regard to significant further sales, primarily within the online gaming segment.

This partnership means that Paynova can also offer its customers payments via mobile billing in addition to the company's 21 existing payment methods. Thereby Paynova will increase its payment portfolio by 85 mobile providers with access to several hundred million potential consumers all over the world. Technical integration with the Mobillcash payment platform has begun, and Paynova's customers will be offered the option of making payments via mobile billing from the third quarter of 2008.

It's easy for consumers to pay via their mobile phone. Consumers simply provide their mobile number on the website where they want to make a payment, and then they receive a text message confirming their payment. The transaction goes through immediately and payment takes place via mobile billing.

Paying via mobile billing is now common, particularly within online gaming and downloadable services. Mobillcash is a payment option available to over 80 per cent of all pay applications on Facebook. Market research company Jupiter Research predicts that payments via mobile phones will grow rapidly over the next few years. Jupiter's forecast is that as many as 612 million mobile users will generate transactions in the order of USD 587 billion during 2011 via their phones. (Source: Paynova, June 2008)

Europe & World Wide news

News from the Russian Central Bank

According to the Annual Report from Russian Central Bank the number of credit cards issued have now reached a total of 8.9 million cards – an increase of 58% since 2007. The total number of bank cards issued are 103.5 million cards, with a tendency to decreasing growth rates year on year. The issuance of bank cards is impacted by a number of salary projects, the availability of remote banking using cards and consumer lending opportunities.

So far no further details on the development on credit cards has been revealed, however, the indications are similar to what was provided by „Home Credit and Finance Bank” in their research on consumer lending in 2007. The total spending on credit cards is estimated to 178 billion rubles in year 2007 – an increase of 15% compared to 2006.

One of the leading banks – Russki Standart – has reduced the pace of issuance of new cards dramatically, which has impacted the overall growth-rates within the industry as such.

However, the number of cards is still growing year on year – VTB24 expects some 100,000 cards distributed, Ursa Bank estimates 500,000 new cards issued and from June this year Sberbank has estimated the issuance of some 300,000 new cards. (Source: Rixtar, June 2008)



Gemalto reports Italian transit ticketing deal

European smart card vendor Gemalto says it is teaming with Italy's Telecom Italia Mobile (Tim) to develop a contactless payments system that enables passengers to use their mobile phones to pay for journeys on public transport.

Tim has selected Gemalto to supply applications to be embedded in SIM cards that will allow customers to use their handsets to pay for public transport in the Italian province of Trento.

Gemalto says the near field communications (NFC)-based system will make travelling easier and faster as ticket issuance becomes more efficient and interactive. Users can purchase tickets from anywhere at anytime through their handset and validate their transport pass even when the mobile phone is off. Contactless transit systems also cut costs for operators and creates new business for telcos, says Gemalto.

Gemalto says the system will be the first of its kind in Italy but the vendor has worked on several similar projects in Europe. Last year the firm worked with SFR, NRJ Mobile and Compagnie des Transports Strasbourgeois on a payment and transport application, whilst another partnership with Orange, SNCF and Keolis led to contactless bus, tram, train and parking services in Rennes.

"Contactless transport infrastructures have already been deployed in hundreds of cities all over the world; users rapidly adopt the technology and enjoy the strong benefits that it offers. That is why we forecast that transportation applications will be essential to the take-off of NFC services on mobile phones," says Philippe Vallée, EVP, telecom, Gemalto. (Source: *Finextra*, June 2008)

UK's PayforIT Becomes Online Alternative Payment Mechanism

The UK mobile payment initiative payforIT has announced it is expanding onto the World Wide Web with the help of mobile interactive specialist Dialogue Communications. The payforIT payment mechanism will offer shoppers an online payment alternative and enable ecommerce merchants to reach new customers.

PayforIT allows consumers to pay for content, goods or services up to the value of £10 via their mobile phone, with the cost of the online purchases being deducted from their mobile bill. PayforIT has been successfully in operation on mobile for over a year, paving the way for use on the World Wide Web.

Dialogue Communications is a leading force in payforIT developments. After being the first Accredited Payment Intermediary (API) to go live with the initiative on mobile, it is again the first to take payforIT online with its content providers. Initially, payforIT online will be used by mobile content providers for sales on their online sites, but payforIT is also a perfect mechanism to pay for items such as CDs, DVDs, flowers and books, along with paying for services such as cinema tickets or subscriptions.

The payment pages are payforIT branded and once a user has clicked to purchase an item, they are presented with the web payment pages and asked to enter their mobile number. The user then receives a text message with a unique payment code which they enter into the web payment pages to complete the transaction. The cost of the purchase is charged to the user's mobile account.

Since Dialogue went live with payforIT on mobile in January 2007, the feedback has generally been positive, with statistics from content providers and API's demonstrating a clear increase in conversation rates for most services.

The payforIT framework still needs to evolve but the recent increase of the maximum single transaction value to £10 and the upcoming support for single click purchases should see adoption increase dramatically.

Dialogue is also looking into opportunities to launch similar mobile billing initiatives around the globe, in particular in Australasia where a solution similar to payforIT has already sparked interest in the market. (Source: *Payments News*, June 2008)

Whilst Card Academy has used reasonable efforts to obtain information from sources which it believes to be reliable it does not make any representations or give any warranties or guarantees that the information provided or any opinions expressed herein are accurate, reliable or complete and none should be relied upon as statements of fact. In no event, including (without limitation) negligence, and in no circumstances will Card Academy be liable for any loss or damage of any kind whatsoever, including (without limitation) any direct, special indirect or consequential damages, caused by the use of or reliance upon information provided or opinions expressed herein.



First Data Enters into Direct Merchant Business in Austria

First Data has posted a press release saying that it is now "directly offering a solution to address merchant needs" in Austria. The company says its 'FirstPOS' offers merchants a comprehensive package for accepting payment cards.

"With FirstPOS we enter a new era," said Karin Skarek, managing director of First Data in Austria.

"Because First Data processes about 430 million card payments a year, manages about 87,000 point-of-sale terminals and 7600 ATMs in Austria, we have decades of knowledge in this market," said Skarek. Merchant surveys show a great demand for an expanded offering in cashless payment systems. They expect better prices, improved transparency and greater simplicity," explained Skarek.

Until recently, First Data operated principally as the reliable backbone of the Austrian electronic payments system. With the introduction of FirstPOS, First Data draws on its extensive retail knowledge and point-of-sale management experience internationally to become an active player in the Austrian market.

The launch of FirstPOS will prompt change in the Austrian market. "We are entering a market that we are familiar with, a market that encourages competition and that has great growth potential," said Skarek.

For Skarek, the shift from processor to a direct vendor in the cards business is a logical step. "In Austria, there are very few companies providing point-of-sale solutions to retailers and merchants," Skarek added. "With FirstPOS, merchants remain independent and can keep their terminal and service contracts even if they change their acquiring partner." (Source: *Payments News*, June 2008)

5 ways to prepare today for the risk of lower interchange revenue tomorrow

When Australian banks got hit with mandated interchange fee cuts, virtually all of them reacted the same way. They devalued their rewards currencies and increased the annual fees charged to cardholders. Some began issuing American Express cards in addition to Visa and MasterCard, for higher rewards rates.

Whether or not interchange gets regulated in the US or Europe remains to be seen. But there are things that banks can do today that can help adjust to the current pressure on interchange and prepare for potential risks.

"Just because there might be a tornado doesn't mean we should live in the basement, and just because there is a risk that interchange fees will go away doesn't mean that we should act like they are already gone," says David Evans over on the Catalyst Code blog. "What we can say, however, is that there is a significant risk that interchange fees will fall and banks need to be prepared for that scenario."

If you are a banker hearing increasingly loud calls for interchange regulation, how do you prepare? Here are a few things that can help improve your profitability today, and will help you adjust better than your competitors if interchange gets cut tomorrow.

1 – Cut the cost of rewards by getting merchants to pay for bonus points that they provide to your cardholders. Merchants can agree to co-finance your rewards program in exchange for the free advertising and marketing that they get when you promote the relationships to your cardholders

2 – Cut the cost of running your rewards program by simplifying the rewards redemption and fulfillment process. Give customers the ability to redeem points directly at certain merchant locations, whenever they want.

3 – Switch rewards hungry premium card customers to American Express (if possible) for higher interchange revenue that might not be impacted by the same regulations as Visa and MasterCard premium products. This happened in Australia.

Whilst Card Academy has used reasonable efforts to obtain information from sources which it believes to be reliable it does not make any representations or give any warranties or guarantees that the information provided or any opinions expressed herein are accurate, reliable or complete and none should be relied upon as statements of fact. In no event, including (without limitation) negligence, and in no circumstances will Card Academy be liable for any loss or damage of any kind whatsoever, including (without limitation) any direct, special indirect or consequential damages, caused by the use of or reliance upon information provided or opinions expressed herein.



4 - Choose Visa, MasterCard and American Express premium products that have a decent and plausible interchange story attached to them. Stay away from premium card products which generate higher interchange fees but which don't offer real, tangible benefits to merchants above and beyond those offered by standard credit cards or even debit cards.

5 – Add new merchant acquiring fees (if you are also an acquirer) to charge for items which you may have been giving away free. Even better, develop new revenue streams on the acquiring side.

(Source: *Payments News*, June 2008)

US consumers choose credit cards over loans

A study indicates that consumers prefer to avoid personal loans and use credit cards for large purchases, even if they have higher interest rates. The main reason for their choice is the fact they cannot be bothered with the loan application.

38 percent of respondents claim they would pay for an item costing USD 3000 or more from their personal savings, 33 percent of the people surveyed claim they would pay for such a product by means of a credit card. Only 10 percent would take out a personal bank loan in this situation.

The main reasons for the adoption of credit cards over loans are the interest rate and ease of the application process. 20 percent of respondents find that a credit card is cheaper than a personal loan in the case of a large purchase. Brand was the least significant aspect in terms of a personal loan selection.

The survey was conducted by Citibank. (Source: *e-Payment News*, June 2008)

Scheme news

Visa Europe statement: phishing incident in Sweden

Criminals have staged a 'phishing' attack by sending e-mails purporting to be from Visa to random recipients in Sweden.

The e-mails direct cardholders to a website where they are asked to sign up for the Verified by Visa service and to input their personal and security details. The e-mail is not from Visa and cardholders should not respond.

Visa Europe always takes these criminal scams extremely seriously and is working to have this website closed. To protect the Visa system we work closely with government, law enforcement agencies and member banks across Europe and provide cardholders with advice to ensure that they do not fall victim to phishing attacks

We would remind cardholders that they should never provide their account or security details in response to an unsolicited communication claiming to be from any financial institution.

Neither Visa, a bank or a credit card company will ever ask its customers by e-mail for their personal or security details. If a cardholder suspects that they have been approached in such a phishing scam or that they have given their details to an unauthorised person they should contact their card issuing bank immediately. (Source: *Visa Europe*, May 2008)

GPC Visa celebrates ten years of improving public sector efficiency

According to the latest GPC annual report, 2007 has been a banner year for the GPC Visa programme. Celebrating ten years of operations, it has now become one of the world's most successful government purchasing card programmes and has achieved three key milestones in terms of numbers of programmes, cumulative spend, and total savings in its quest to improve the procurement practices of public sector organisations.

Whilst Card Academy has used reasonable efforts to obtain information from sources which it believes to be reliable it does not make any representations or give any warranties or guarantees that the information provided or any opinions expressed herein are accurate, reliable or complete and none should be relied upon as statements of fact. In no event, including (without limitation) negligence, and in no circumstances will Card Academy be liable for any loss or damage of any kind whatsoever, including (without limitation) any direct, special indirect or consequential damages, caused by the use of or reliance upon information provided or opinions expressed herein.



Of particular significance is the growth in GPC Visa schemes which now exceed 1,000 live programmes. In 2007, there were an additional 261 schemes initiated which represented a 31.77% growth rate on 2006. There are currently 112,397 GPC Visa cards in use, up from 70,095 in 2005.

In line with the growth in programmes, cumulative spend levels have continued to increase and now exceed £3bn since the inception of the GPC Visa programme. The total amount spent through the programme increased by 17.6% in 2007 alone, taking the annual spend figure to nearly £800 million. Annual transaction numbers also grew during the same time period to 22% and average transaction values have increased every year since 2000. (Source: *Visa Europe, June 2008*)