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Latest news from Card Academy

Card Academy establishes position in Finland

Card Academy and Dedicon Oy have entered into a partnership to deliver Card Academy's training curriculum to the Finnish market.

"Card Academy" is a Copenhagen based educational platform on issues related to domestic and international payment 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.

Dedicon Oy is a Finnish consulting company that focuses in management consulting within the card payments industry. Dedicon Oy was recently established by Petri Ahti, who holds a long record within the industry in Finland and the Nordic countries. Dedicon will now market and deliver the Card Academy training courses in Finland, and join the international Card Academy Faculty as well.

For further information, please contact:

Mr. Petri Ahti, Managing Director Dedicon Oy (www.dedicon.fi)

Kurt Andersen, Managing Director Card Academy (www.card-academy.com)

By entering into this agreement, Card Academy now has active partnerships in Finland, Estonia, Latvia, Lithuania and CIS countries. More detailed information about our partnerships will soon be available on our website.

Now live on Facebook

Card Academy is now live on Facebook, where you have the opportunity to sign up and connect with our profile. We will use the networking opportunity to inform you about our services, and at the same time establish a network of people involved in Cards and Payments worldwide.

Go to www.facebook.com and search for Card Academy to read more about our mission and services.



Card Academy

A service available next to your office

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Our website is now fully launched

Please visit www.card-academy.com

for further information on:

- Your local Card Academy
- Card Academy Modules
- Your Mentoring Plan

The Card Academy Bulletin is our electronic newsletter issued every second week. For further information on any of the items contained within the bulletin, please contact us on globalinfo@card-academy.com.

To enjoy your free subscription please go to www.card-academy.com.



“Introduction to International Cards” is one of our Card Academy Modules. The objective is to provide participants with a more overall introduction to International Card Schemes, and ensure that participants are left with a broader understanding of the core business drivers and business models in this area.

The agenda is focused on the following key areas:

- Introduction to the core global brands
- Introduction to the overall structure of these brands
- Business models – key revenue and cost drivers
- Product features – Debit, Credit, Commercial including features like Prepaid

This course can be customized to meet the needs of new employees as well as staff who have spent a couple of years within this cards business.

Please feel free to contact us on globalinfo@card-academy.com or on +45 21 29 68 40 for further information.

Yours sincerely,

Kurt Andersen

Managing Director, Card Academy

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The Nordic and Baltic States news

PBS expands in Sweden – takes over Strålfors' payment services unit

PBS signed an agreement to take over Strålfors Payments, i.e. the part of the Group's business that deals with payment services, as of 30 September 2008. The agreement involves the transfer of around 60 employees to PBS.

"Strålfors' payment solutions have so far only been available in Sweden, while customers are increasingly demanding Nordic and European solutions. PBS has a Nordic strategy and is a competent player that can support the entire Posten Group with payment solutions. We therefore believe there are completely new opportunities for our payment services unit to develop further within PBS," says Per Samuelson, President and CEO of Strålfors.

PBS thus establishes itself as a collector of card payments in the Swedish market, and also takes over functions including the well-established payment module "Postens Betalväxel" (Swedish Post ePayment Services), which handles Internet payments in the Swedish market. PBS is taking over customer agreements with the merchants and banks that previously had agreements with Strålfors on the handling of card payments. Strålfors handles a total of 110–120 million transactions a year. At the same time PBS forms part of a strategic partnership with Svenska Posten AB on business development in areas such as distance selling, payments and logistics.

The cornerstone of PBS' strategy is to create growth within all of our core business areas. We want to be a strong international partner in the whole Nordic market, and Strålfors Payments fits in well in this context. We now have access to a substantial volume of business in the field of payment cards, which will strengthen our overall position in Sweden," says Flemming L. Jensen, CEO of PBS A/S.

PBS is already represented in Sweden with a sales office, PBS International AB, which is also in Stockholm and deals primarily with the acquiring of international payment cards and sales of payment terminals. (Source: PBS, August 2008)

Europe & World Wide news

European Payment Council clears up Sepa for Cards confusion

The European Commission and the European Central Bank have welcomed a document published by the banking industry-backed European Payment Council that paves the way for a competitive single market for card payment card schemes by 2010.

The document, which takes the form of a Q&A, clarifies key aspects of compliance with the Sepa Cards Framework (SCF) for payment card schemes and banks, as well as the conditions for geographical coverage of card schemes within the Euro zone.

In particular, it rules that any national card scheme can be deemed to be compliant with the SCF if the cards it issues are technically and commercially capable of being accepted everywhere in the Sepa territory. Earlier interpretations of the Framework appeared to imply that a card scheme could only be deemed SCF-compliant if it covered all 31 Member states.

The ECB and Commission had expressed fears that such an interpretation would create a de facto monopoly for Mastercard's Maestro debit card system and had been encouraging banks to set up an alternative scheme in competition. The ECB had become particularly concerned about moves by some banking associations to ditch domestic schemes in favour of internationally-accepted programmes by MasterCard and Visa.



The new guidance from the EPC clarifies the situation and makes it clear that the Sepa provisions for cards will allow many - possibly national and regional - schemes to develop into 'SCF compliant' schemes.

Nonetheless, the Commission warns that work is still needed by the EPC to develop a full set of technical standards allowing any card to be used, for payments in euro, potentially anywhere in the Sepa area.

"This is a precondition for the expansion of existing domestic debit card schemes across the Sepa countries, for the emergence of (a) new European card scheme(s), for pan-European processing and certification, and for market consolidation," says the Commission in a statement.

"More competition would be very welcome," the Commission continues. "The success of new initiatives will depend crucially on banks not simply selling the national debit card scheme to the existing schemes." (Source: *Finextra*, August 2008)

NETELLER Signs Agreement for Net+ Prepaid Cards with October launch Date

NETELLER Plc, the leading independent, global provider of online payments, is pleased to announce that it has signed a contract with TransSend Payment Services, a leading provider of prepaid card solutions, to provide Net+™ MasterCard® Prepaid Cards to its e-wallet customers.

Through its partnership with TransSend Payment Services, NETELLER will shortly begin providing its e-wallet users with the opportunity to add Net+™ cards to their account – providing increased value, security, privacy and convenience. The Net+™ prepaid cards will be available by early October 2008 when NETELLER e-wallet consumers can sign up for two new products:

A virtual Net+™ MasterCard® card for use online. The virtual card application generates a single use, unique 16 digit card number and populates the checkout page with full payment details for the user. The Net+ Virtual Card offers the convenience of paying online (everywhere where MasterCard is accepted) from your computer combined with high level of security and privacy. The Net+ Virtual Card will be part of the NETELLER Desktop which, in addition, to offering convenient, secure and private payment via Net+, will also enable NETELLER e-wallet users to view the balance on their e-wallet account without the need to visit the main NETELLER site.

A physical Net+ MasterCard card to access funds within their e-wallet at points-of-sale or by withdrawing cash at ATMs. The card will be usable at 27.3 million locations, including 1.9 million ATMs, worldwide where MasterCard is accepted.

The integration process between NETELLER and TransSend is at an advanced stage and NETELLER anticipates the full launch of the Net+ cards to its e-wallet users by early October 2008.

TransSend Payment Services and NETELLER have worked together to offer two great card products which have been integrated with NETELLER's existing platform to ensure seamless loading and withdrawal capabilities through the NETELLER e-wallet. These two products offer excellent value to the consumer (compared to many other prepaid card offerings) as well as a high level of convenience and security. (Source: *Neteller*, August 2008)

Garanti Bank Wins Industry Award for Contactless Loyalty Sticker

On Track Innovations has announced that Garanti Technology (GT), an affiliate of Garanti Bank, Turkey's third largest private bank, has won the "Best Innovation in a Loyalty Programme" award at the Cards & Payments Europe 2008 for the "Bonus Trink" Sticker project based on OTI's smart sticker contactless payment device.



Bonus Trink, an accredited success story by MasterCard Europe, is the brand mark of Garanti's contactless suite of payment forms including plastic cards, watches, key fobs and the above mentioned smart sticker, all supplied by OTI.

OTI's smart sticker is an entirely self-contained, contactless payment device that adheres to multiple surfaces including mobile phones, PDAs and more, obviating the need to carry a separate credit card. The special configuration and adhesive on the back of the smart sticker makes it easy to attach to any surface, be it metallic, plastic or other. This feature enables issuers to add contactless payment capabilities to existing mobile devices independent of the handset type and model. The smart sticker upgrades products which are already in circulation, providing a quick time-to-market, cost effective solution, which assists issuers in increasing market share.

Another aspect that has emerged regarding the Smart Sticker, both in Turkey and in its initial introduction in the US has been the "cool factor" especially among university students and the 20-35 year old age group.

Payments are made by placing the smart sticker a few inches away from OTI's Saturn 6000 contactless reader. The Saturn 6000 contactless reader is a leading cost-to-performance contactless reader in the market today, certified by the major financial institutions. OTI has delivered several thousand readers to Garanti Bank for its Bonus Trink Program. (Source: EPaymentsNews, August 2008)

UK prepaid credit card market to hit GBP 4.5 billion by 2010

Estimates indicate that the UK prepaid credit card market is to reach GBP 4.5 billion by 2010, in view of the credit crunch affecting this country.

According to stored-value card services provider Prepay Technologies, the number of UK prepaid credit cardholders is nearly 2.3 million, while by 2010, the figure is expected to reach 7 million. Estimates have been published by online comparison website Fairinvestment.co.uk. According to the website, prepaid credit cards are no longer appropriate for those who have bad credit histories, but on the other hand, they could be useful for those who are interested in having a credit card but do not want to be exposed to the risk of debt. (Source: EPaymentsNews, August 2008)

Sabadell launches bank-developed prepaid card program

Spanish banking group Banco Sabadell has launched a white-label prepaid card program which addresses any Spanish business that wants to offer prepaid cards or gift cards to its customers.

The white-label card program allows retailers to customise it with their individual logo as well as other brand information. A well-known restaurant chain with 800 outlets in Spain has already started issuing Sabadell prepaid cards, the bank says. Sabadell's prepaid card program is aimed at retailers which specifically want to target the youth market. The program allows retailers to roll out prepaid cards without having to make the necessary infrastructure investment themselves, as well as to offer promotions and incentives to their customers, the bank says. Two versions are available, namely a reloadable card and a gift card that cannot be recharged. (Source: EPaymentsNews, August 2008)

Scheme news

Visa plans largest Visa payWave acceptance network during London Olympic Games

Visa Europe plans to make London the home of Europe's largest Visa payWave acceptance network during the 2012 London Olympic Games.

Visa expects that by 2012 Visa payWave cardholders will be able to use Visa payWave cards for the majority of all low value purchases in London, to pay for any type of public transport or various products

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in all 17 Olympic venues. Also, Visa expects that London Olympic Games visitors will be able to make mobile payments supported by Visa payment technology. This will include sending vouchers and special deals with other Olympic sponsors directly to clients' handsets. Moreover, Visa plans to allow Visa cardholders clients to pay for their trip arrangements online.

Visa was the exclusive card of the Beijing 2008 Olympic Games. Visa and its member financial institutions in China installed more than 90,000 ATMs and signed up some 216,000 merchant locations or outlets throughout China to prepare for the expected influx of international visitors for the Beijing Olympic Games. Visa has been a Global Sponsor of the Olympic Games since 1986 and has been Global Sponsor of the ParaOlympic Games since 2002. (Source: *EPaymentsNews*, August 2008)

Visa teams with banks on alert system

Card network Visa is teaming with eight North American banks to pilot an automated alerting system that will notify cardholders of transaction activity via SMS text message and e-mail.

PNC Bank, SunTrust Bank, US Bank, Wachovia, and Wells Fargo in the US, along with Royal Bank of Canada, TD Bank Financial and Vancity in Canada, have agreed to initiate the programme.

The pilot, which will involve up to 2000 cardholders, will test the delivery of real-time notification alerts on card accounts. Participants will receive alerts via e-mail or text within seconds of their cards being used, rather than hours or days.

Visa says the notification service is based on its transaction authorisation system which is able to "analyse and conduct risk score transactions in-flight", says the card network. The system allows cardholders to set thresholds that will trigger a transaction alert.

Participants can choose to be alerted to a variety of types of card usage, including ATM withdrawals, international transactions, Internet or phone payments and transactions above specified amounts.

Visa says the 'early warning' service will enable cardholders to monitor transactions for irregular and suspicious activity. The service is also designed to help cardholders keep closer track of transactions and spending levels, says Visa.

"Information is power, especially when delivered in a timely manner," says Elizabeth Buse, global head of product at Visa Inc. "We are now empowering cardholders in this pilot with real-time transaction alerts. Participating Visa cardholders can typically receive alerts before they walk out of the store, rather than hours or even days later."

Visa says it began testing mobile notifications last year with an internal employee pilot. (Source: *Finextra*, August 2008)

Judge Jones Narrows Scope of Discover Lawsuit Against MasterCard

MasterCard Worldwide said it is pleased that Judge Barbara S. Jones narrowed the scope of Discover's antitrust case against MasterCard by granting certain aspects of MasterCard's summary judgment motion. In particular, Jones found that despite Discover's assertions, there is no evidence of a conspiracy between MasterCard and Visa. She also dismissed Discover's debit-related claims against MasterCard.

In dismissing Discover's claims of an inter-association conspiracy between MasterCard and Visa, the court's decision recognizes the intense competition between MasterCard and Visa, which benefits consumers in the form of innovative products and programs. Further, Judge Jones limited the scope of the trial by dismissing Discover's debit-related claims against MasterCard. In granting MasterCard's motion, the Court recognized that Discover failed to establish that MasterCard's Competitive Programs Policy (CPP) somehow excluded Discover from offering debit cards. This is not surprising since, the CPP only applied to credit and charge cards, not debit cards.

MasterCard said it is disappointed that the Court granted aspects of Discover's summary judgment

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motion seeking to apply collateral estoppel in its claims against MasterCard, but pleased it rejected Discover's attempt to obtain broader findings. Collateral estoppel is the application of certain findings in one lawsuit to a subsequent one.

However, in no way does Judge Jones' ruling change the fact that Discover will have to establish that MasterCard and Visa, rather than its own business decisions, caused the damages it alleges. The jury will be able to fully evaluate all evidence concerning Discover's damages claims, and MasterCard looks forward to demonstrating the weaknesses of those claims in court. For example, public results of Discover's business performance after the CPP was withdrawn show that Discover has not seen any increase in its overall percentage of the credit card volume share from third-party issuance. This real world evidence highlights the weakness of Discover's claim that the CPP damaged Discover by preventing Discover from entering into third-party issuing relationships. Indeed, the most recent results show that Discover's overall credit card volume share—including both Discover-issued and bank-issued Discover cards—actually declined from 5.46% in 2006 to 5.33% in 2007.

A further demonstration of the weakness of Discover's damages claim is the testimony of Discover's own executives, who had testified before and during the DOJ case that the repeal of the CPP would hurt their company, and create a situation where Discover would not be able to build volume by attracting third-party issuers. (Source: MasterCard, August 2008)