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Items in this issue:

Latest news from Card Academy.....	1	Neteller makes its payment options available to Eastern European customers	3
Card Academy and Alliansor Caps AB will establish a joint venture.....	1	Russia goes contactless: first MasterCard PayPass transaction	4
The Nordic and Baltic States news.....	2	UK: APACS Announces Latest Card Fraud Losses.....	4
EnterCard launches "LO Plus Guldkort" in the Danish Market	2	Visa plans m-payments apps for Android.....	4
Roskilde Bank to be acquired by Nordea, AL Bank and Spar Nord.....	2	IBM wins Dublin transport e-ticketing deal	5
Parex Banka in Latvia to launch cards with Cash-back...	3	Scheme news.....	5
Europe & World Wide news.....	3	MasterCard Launches MasterCard Savings Discount Program.....	5
Cross-border e-commerce in EU fails to become popular - study	3	Visa payWave spreads across Europe with Swiss trial of mobile contactless payments	6
		Visa, Nokia Working Together on Mobile Payments	7

Latest news from Card Academy

Card Academy and Alliansor Caps AB will establish a joint venture

Card Academy and Alliansor Caps AB will establish a joint venture for educational services within the Payment Cards area. These two companies will cooperate in order to further develop Card Academy to become an established player within the educational area.

Alliansor Caps AB further develops its position on educational services within the Payment Cards area, and establish a joint venture in cooperation with Card Academy.

Alliansor holds a long record within this area, and is considered one of the leading companies in this specific business.

Card Academy provides educational modules on domestic as well as international cards, and the company has currently Agent agreements covering Finland and the Baltic states.

These companies have decided to establish a joint educational organisation – Card Academy based out of Stockholm at Alliansor Caps AB, Sweden. Through this new educational organisation they will meet the increasing needs for educational services locally.

Yours sincerely,

Kurt Andersen



Card Academy

The Nordic and Baltic States news

EnterCard launches "LO Plus Guldkort" in the Danish Market

On Monday September 15th EnterCard launched a credit-card programme together with its second partner in Denmark - LO Plus. "The LO Plus Guldkort" is a MasterCard credit card that will be offered free to all members. The aim of the card launch is to ensure that members of the LO Plus union get economic advantages they otherwise would not achieve. Efficiently used, the card can save members as much money as their expenses for the Union membership fee.

"This new card provides a great offer to the LO Plus union members as it connects a MasterCard credit-card functionality with attractive membership benefits", says Simon Cottenham, MD for EnterCard Denmark.

In September 2007 the Danish membership organization LO Plus and EnterCard signed a partnership agreement including development and issuance of a combined membership and credit card. From Monday the members of LO Plus will be offered the opportunity to upgrade their existing membership card to a MasterCard with credit card functionality.

This new combined membership- and credit card can be used as a membership pass for Union events and provides the members with automatic discounts in more than 1.000 different outlets across Denmark with a wide range.

The new MasterCard credit card will be positioned as an attractive complement to the Dankort, which is currently the most frequent used card in the Danish Market. The card will also allow members to make cash withdrawals in ATM machines in Denmark and abroad.

This compelling membership and card proposition is also designed to continuously attract new partners to join the LO Plus programme, which will give LO Plus members even further improved benefits going forward. It enables retail partners to more easily offer discounts to their customers, as it will be done automatically when LO Plus members pay with their new card.

The LO Plus membership program consists of 14 of LO's 17 labour unions, which includes 750.000 of the total 1.2 million members that LO has in Denmark.

EnterCards first partner in Denmark was FDB and the FDB/Coop card programme was successfully launched in August 2007. (Source: EnterCard, September 2008)

Roskilde Bank to be acquired by Nordea, AL Bank and Spar Nord

Nordea has signed an agreement to acquire nine branches from "Bankaktieselskabet af 24. august 2008" (Roskilde Bank).

Thereby Nordea further strengthens its position in the Zealand region in Denmark.

In total the transaction means that Nordea acquires a customer portfolio comprising:

- 42,000 household customers
- 6,000 corporate customers
- DKK 5.5bn (EUR 0.8bn) in lending and guarantees
- DKK 2.7bn (EUR 0.4bn) in deposits.

An estimated funding gap of DKK 2.8bn will be replaced with Nordea's own funding.

Nordea takes over leases and employees in the nine branches, in total 152 employees.

Since August, when Roskilde Bank was taken over by the Danish central bank and Det Private Beredskab (the Danish banking sector's contingency association), the bank has been split into a "performing" and "non-performing" bank. The high leveraged real estate loans have all been allocated to the "non-performing" bank. The business volume that Nordea acquires is transferred from the "performing" bank, a traditional retail bank with a well-diversified loan portfolio.

AL Bank (Arbejdernes Landsbank) and Spar Nord – two other Danish banks – have agreed to acquire other parts of Roskilde Bank. (Source: Nordea and Business.dk, September 2008)

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Parex Banka in Latvia to launch cards with Cash-back

Just recently Parex Banka in Latvia introduced a new feature in the Latvian Credit Card market – a MasterCard Credit Card with Cash-back facility.

Cardholders applying for this new program will benefit from a 0.5% Cash-back on all purchases made by this card.

The program is marketed as the “Maxi”-card – introducing the card in either a white or black design, and new cardholders are also offered a beneficial interest rate on deposits. Currently this offer is a rate of 7.00% - which has to be compared to the current inflation rate in Latvia. (Source: *Rixtar*, October 2008)

Europe & World Wide news

Cross-border e-commerce in EU fails to become popular - study

A European Commission study on retailers' and consumers' attitudes regarding cross-border shopping reveals that even if e-commerce is gaining popularity at a national level, cross-border e-commerce remains flat. The share of EU consumers who have made purchases across the border has remained the same since 2006, representing a quarter of the population.

According to the study, 75 percent of retailers currently sell only to consumers domestically. But as a consequence of a harmonisation of e-commerce rules, a third (34 percent more) would be willing to sell in another EU country. 16 percent of retailers have stated they would be interested in selling to consumers in 10 or more EU countries, compared to 3 percent who presently sell cross-border in this number of countries.

Over 20 percent of retailers sell cross-border, as compared with 29 percent that did the same in 2006.

Consumer confidence in buying online from another EU country has reached 40 percent, growing by 8 percent from 2006. However, only 13 percent of consumers with an internet connection at home have bought online from another EU country, and only 7 percent of the general population. A shopper within the EU spends EUR 797 on average per year to buy products on the internet. Those consumers who have an internet connection at home spend EUR 878 per year on average on cross-border, as compared with EUR 439 in the case of those without internet access at home.

Cross-border advertising has been adopted by a limited number of retailers (only 21 percent advertise in another EU country), while over half of online shoppers have never seen such advertisements. Of those who have come across such advertising, 39 percent claim they are more likely to have made a cross-border purchase.

In terms of information related to cross-border sales and purchases, 33 percent of retailers and 21 percent of consumers know where to get such details. Within the last 12 months, 16 percent of consumers have made a complaint to a seller or provider related to a problem they have encountered when shopping online, as compared with 6 percent who witnessed problems but preferred not to complain.

The study was conducted among over 26.000 consumers and 7.200 businesses in the 27 EU-countries and Norway. (Source: *EPaymentsNews*, October 2008)

Neteller makes its payment options available to Eastern European customers

Online payment services provider Neteller has added new capabilities to its payment range of products, including more local European languages, currencies and payment options. The company has made its e-wallet available to customers from Estonia, Hungary, Latvia, Lithuania, Slovakia and Slovenia. Bulgaria and Romania are also included in Neteller's future plans.

The company also allows consumers to top-up their Neteller e-wallet by means of Carte Bleue, Carta Si, DirectPay24, Ukash and the POLi/UK consumer internet bank payment service, apart from the existing card and non-card methods. E-wallet accounts can be opened in EUR, Swedish, Norwegian and Danish Crown, British Pounds, Polish Zloty and Hungarian Forints well as in several non-European currencies.

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The initiative follows the implementation of other capabilities to the Neteller e-wallet, including iDEAL for the Netherlands. According to the company's representatives, iDEAL currently accounts for more than 90 percent of all funds added to Netherland-based consumers' e-wallets. The Neteller Payment Suite incorporates the Netbanx international payments gateway, the Neteller e-wallet as well as Net+ cards. With the help of Netbanx, merchants can accept card and non-card payments via online, contact centres, mail order and automated phone systems. (Source: *EPaymentsNews*, October 2008)

Russia goes contactless: first MasterCard PayPass transaction

On 9 September 2008, MasterCard representatives have announced the first transaction on a MasterCard PayPass card in Russia. As part of a demonstration of contactless payments, a purchase was made with MasterCard PayPass card which was issued by UK-based Barclays Bank's subsidiary Expobank.

The first Russian contactless MasterCard PayPass transaction was handled by a Prime Star restaurant, part of the acquiring network of Expobank. The bank announced plans to distribute 400 contactless point-of-sale terminals at supermarkets, pharmacies, petroleum stations and restaurants across Moscow.

PayPass is the only contactless card available for the Russian cardholders. MasterCard PayPass is an EMV compatible, contactless payment feature that provides cardholders with a simpler way to pay by tapping a payment card or other payment device, such as a phone or key fob, on a point-of-sale terminal reader rather than swiping or inserting a card. (Source: *EPaymentsNews*, October 2008)

UK: APACS Announces Latest Card Fraud Losses

APACS has released its latest summary of card fraud statistics showing that total card fraud losses increased by 14 per cent in the six months to June 2008 compared with the first half of 2007. Total card fraud losses for this period were £301.7m, of which more than 40 per cent was the result of fraud outside the UK - which typically involves criminals using stolen UK card details at cash machines and retailers in countries that have yet to upgrade to chip and PIN.

Chip and PIN has made it more difficult for fraudsters to commit card fraud in the UK, with losses at UK retailers down by 35 per cent since 2005 (£73.2m during January to June 2005 compared with £47.4m during January to June 2008). The latest figures also reveal that fraud on lost and stolen cards (£27.3m) has fallen by 38 per cent in the past three years – and is now at its lowest level for ten years.

However, criminals continue to target UK-issued cards, copying the magnetic stripe data and creating counterfeit magnetic stripe cards that can potentially be used fraudulently in countries that haven't yet upgraded to chip and PIN. This has caused a 190 per cent increase in losses abroad over the last three years, which now total £121.2m. This type of fraud will become more difficult to commit when the European banking industry meets its target to complete its chip card rollout by 2010.

Losses from phone, internet and mail order shopping fraud have continued to increase year-on-year – albeit at a decreasing rate – and now stand at £161.9m, 54 per cent of all card fraud losses. However these losses need to be seen in the context of increasing numbers of online retailers and ever-growing numbers of online transactions – from 2001 to 2007 this type of fraud went up by 204 per cent whilst, over the same time period, the value of online shopping card transactions alone increased by 415 per cent. (Source: *Payments News*, October 2008)

Visa plans m-payments apps for Android

Card network Visa is developing mobile payments software for handsets that run on Google's new phone operating system, Android.

The application, available for download on Android powered handsets, will initially be offered to Chase Visa cardholders, with other US issuers set to follow.

Customers will be sent notifications about transactions to their handsets and receive promotional offers from merchants. The service will also use Android's in-built location-based technology to inform customers about nearby retailers where they can redeem the offers and locate ATMs.

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Visa says it is working on a payments application that will enable customers to make contactless mobile payments in shops, or while on the go over wireless networks.

Elizabeth Buse, global head, product, Visa, says: "Extending Visa payments and services to the mobile device is a natural extension, and makes the consumer payment experience more convenient, more secure and more rewarding."

Visa is investing heavily in mobile payments and yesterday outlined an initiative to deliver payments applications - including contactless payments, remote payments, money transfer, alerts and notifications - for Nokia's NFC-enabled 6212 Classic handset.

It also set out plans for a mobile money transfer pilot with US Bank that will enable customers to move funds between Visa accounts using their handsets. (Source: *Finextra*, September 2008)

IBM wins Dublin transport e-ticketing deal

Ireland's Railway Procurement Agency (RPA) has selected IBM to build and implement the infrastructure for a smart card e-payments system for public transport in Dublin.

The integrated ticketing system will enable commuters to use a single pre-paid smart card for travel on all buses, trains, trams and coaches in greater Dublin.

IBM says the technology has the capacity to process up to two million transactions a day and can be extended to include other value added services such as Internet top-ups and small value retail payments.

The system will eliminate the need to carry cash to pay for tickets and ensures fast, secure and convenient transactions, with cards simply re-charged as needed, says the vendor.

The project - part of Ireland's EUR34 billion "Transport 21" investment programme - is already under way, with a phased deployment of the live system expected to begin in late 2009.

The IBM back-office system will provide ticket and smart card management, central reconciliation and settlement services to all public transport providers. IBM will run integrated ticketing application software from MSI Global, which it worked with on a similar system in Singapore in 2006.

David O'Callaghan, chairman of the integrated ticketing project board, which is overseeing the project, says: "We are delighted to be able to link up with such a significant scheme as Singapore and to have a world leader like IBM overseeing the development."

IBM is already working on transport systems in London, Stockholm, Singapore and Brisbane.

In London the Oyster smart card system has been a success, with millions of cards issued, but fears have been raised about the security of technology. Earlier this year Dutch scientists managed to use a cloned card to travel around on the city's underground for free after reversing the algorithmic code of NXP's Mifare Classic RFID chip, which is used for millions of smart cards around the world.

After successive outages in the summer, Transport for London terminated its contract with the EDS and Cibic Transys consortium, and will go to tender for a new operator to take over the running of Oyster from 2010. (Source: *Finextra*, September 2008)

Scheme news

MasterCard Launches MasterCard Savings Discount Program

MasterCard Worldwide has announced the launch of MasterCard Saving - calling it "a new, innovative program that provides Debit MasterCard and eligible Prepaid MasterCard cardholders with hundreds of significant merchant-funded discounts and special offers each day from thousands of merchants across the country.

Debit and prepaid MasterCard cardholders can quickly enrol at <http://savings.mastercard.com>. There is no cost to cardholders."

Through MasterCard Savings, cardholders will be able to select which merchants they receive promotional offers from and set up e-mail alerts so that they can be notified when discounts and other unique offers such as exclusive in-store shopping events become available from preferred merchants. In

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this initial launch, cardholders will be able to take advantage of discounts both on-line and in stores through the use of promotional codes, printed coupons and direct links to the discounts available from their personalized MasterCard Savings portal.

"MasterCard Savings is the next generation of cardholder reward platforms," said Patricia Preston, Senior Vice President, U.S. Debit Product Management & Development, MasterCard Worldwide. "This unique program offers an extraordinary breadth of rewards and special offers from thousands of merchants across a wide range of merchant categories that go far beyond those traditionally associated with debit and prepaid cards."

The program is provided in conjunction with Next Jump, Inc. a leading rewards and loyalty provider. "We are very excited about this relationship with MasterCard and look forward to working with the company to leverage our technology and merchant network to provide tremendous value to cardholders, issuers and merchants," said Charlie Kim, Chief Executive Officer, Next Jump.

The MasterCard Savings platform will be available to all U.S. issuers of MasterCard debit and prepaid cards. Cardholders will be able to access the program directly through savings.mastercard.com. A simple enrollment process will enable them to sign up and choose their preferences for the types of merchants they are interested in and the offers they want to receive. The more preferences they choose, the more relevant the offers will be to their interests. Additionally, the MasterCard Savings homepage will also feature weekly hot deals, the most popular merchant offers and alerts about remaining days on limited time offers.

The program already has thousands of participating merchants across a wide range of categories, including: Armani Exchange, Avon, The Container Store, The Home Depot, Lands' End, Office Depot, Omaha Steaks and Sears.

Debit and eligible prepaid cardholders can participate at no cost in the Basic-Level Program, with discount offers averaging 5% to 20% and/or free shipping. In addition, a Premium-Level Program, with discount offers averaging between 20% to 50% as well as limited time offers and special in-store events can be purchased for an annual fee of \$29.95 by cardholders. (Source: *Payments News*, October 2008)

Visa payWave spreads across Europe with Swiss trial of mobile contactless payments

Credit Suisse, PostFinance, Swisscard, Swisscom and Telekurs Multipay, together with Visa Europe have launched a pilot in Switzerland of Visa payWave contactless payments by card and mobile phone. Starting in September, employees of the trial partners will test the usability of the services in order to assess the prospect of a potential market launch in Switzerland at a later date.

"Mobile phones have become a multipurpose tool and an important part of our everyday lives," said Sandra Alzetta, Senior Vice President, Innovation at Visa Europe. "Our projects across Europe are showing strong demand for payment solutions with mobile phones and consumers acceptance of modern payment methods offering high standards of speed, convenience and security."

Visa payWave uses short-range wireless Near Field Communication (NFC) technology to enable wave and pay capability. NFC is used to securely exchange payment details between a contactless-enabled mobile phone or card and a special reader at the point of sale. Consumers wave their card or mobile phone in front of the reader to make payments of up to CHF 40 (€25), with no need for physical swiping or insertion of the card or phone into a point-of-sale device. The service has been designed to speed up payment for purchases typically made using cash. To enhance security, consumers are periodically requested to enter a PIN or mobile PIN.

"Switzerland is a high growth market for electronic payments and offers excellent opportunities to pilot the latest, most advanced technologies. This pioneering trial demonstrates the momentum that Visa mobile solutions are gathering across Europe and is a major step towards the launch of these services in Switzerland in the future," said Sandra Alzetta.

Visa payWave commercial services and pilots for cards have been launched in the UK, France, Turkey, Poland, Italy and Switzerland. The Swiss mobile payWave trial follows other successful Visa mobile trials in the UK, France and Spain. (Source: *Visa Europe*, September 2008)

Visa, Nokia Working Together on Mobile Payments

Visa and Nokia have announced plans "to deliver Visa payment and payment-related services – including contactless payments, remote payments, money transfer, alerts and notifications – for Nokia's next generation handsets beginning with the Nokia 6212 Classic, expected to be available starting October 2008."

The Visa applications will first be made available for trial use by interested financial institutions and will allow consumers with the Nokia 6212 classic and a relationship with a participating Visa issuing bank to use their Visa account to pay for goods and services; initiate mobile money transfers to other individuals with Visa accounts; receive near real-time notifications of activity on their Visa account; and "opt in" to receive offers and discounts from merchants.

"Mobile payments and services are one of the most vibrant areas of innovation at Visa, as we seek to accelerate the migration from paper forms of payment to digital money," said Tim Attinger, Head of Global Product Innovation at Visa Inc. "Visa is already better money – more convenient, reliable and secure than cash. Putting Visa payments and exciting new services into the NFC-equipped Nokia 6212 classic adds another layer of convenience and security for Visa account holders and Nokia customers around the world."

The Nokia 6212 classic includes integrated Near-Field Communications chipsets (NFC) which lets the mobile device behave like a contactless payment card, where consumers simply wave it within a few inches of a special point of sale reader to complete a Visa transaction. Nokia and Visa first demonstrated NFC technology in December 2005 with the launch of the first large scale NFC trial in the United States at the Phillips Arena in Atlanta.

The plans announced today represent the next phase in an ongoing effort between Visa and Nokia to make mobile payments a reality for consumers around the globe. The long-term collaboration between Nokia and Visa has already resulted in multiple trials of Visa mobile payments enabled through NFC technology on four continents, including in the United States with Wells Fargo Bank; in Malaysia with Maybank and Maxis; in Taiwan with Chinatrust Commercial Bank and Chunghwa Telecom; and London with Barclays Bank.

"NFC-capable devices such as the Nokia 6212 Classic are set to change the way mobile phone users interact with devices and services in their surroundings," says Jeremy Belostock, the Head of Near Field Communications, Nokia. "With our partnership with Visa, we're bringing the value of electronic payments and services directly into the mobile phone, making our customers' everyday lives more convenient." (Source: *PaymentsNews*, September 2008)