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Latest news from Card Academy
Our new Card Academy website is now live!

Card Academy and Alliansor Caps AB has joined forces on educational services within the Payment Cards area, in order to further develop Card Academy to become an established player within this area. We provide modules on domestic as well as international cards, and the company has currently Agent agreements covering Finland and the Baltic states.

Card Academy is based out of Stockholm, Sweden. Through this new joint company we will meet the increasing needs for educational services locally.

Please visit our new website on www.card-academy.com, where you will find more information about our business, and the opportunity to download our corporate presentation.

For further contact details please refer to the last page in this newsletter.

Yours sincerely,

Kurt Andersen



Card Academy

The Nordic and Baltic States news

VISA Extra – a new Credit Card program launched in Denmark

Visa Extra is a new Credit Card launched in Denmark by Ekspres Bank A/S – owned by LaSer Group, who again is owned partly by BNP Paribas and Galeries Lafayette in France.

This new Credit Card is targeting car drivers currently holding a fuel card issued by YX and Uno-X in Denmark, and Visa Extra cardholders are offered a number of benefits when shopping with YX and Uno-X – limited to a maximum of DKK 450 per year on fuel consumption.

Visa Extra cardholder will also benefit from a number of additional Value Added services such as:

- Travel Insurance through Europæiske Rejseforsikring, a leading travel insurance company in Denmark.
- Special offers on travels in cooperation with Apollo, one of the leading travel agencies in the Nordics

In addition to the above all cardholders are offered a number of alternatives in terms of down-payments, i.e. :

- free choice of down-payments of 3% alternatively 10% of your balance
- payment in full of your balance, worth up to 45 interest-free days
- a separate payment plan for purchases beyond DKK3,000

For further information please visit www.extrakort.dk .

(Source: Ekspres Bank A/S, November 2008)

Europe & World Wide news

Canadian Banks get go-ahead to issue both Visa, MasterCard

The head of the Competition Bureau is ushering in a new era of credit card competition that she hopes will lead to increased choice and better service for consumers.

In a letter to the country's major financial institutions, commissioner Sheridan Scott says she believes banks should be allowed to issue both Visa and MasterCard branded credit cards.

Up until now, Canada's banks have had to choose one or the other. Most of the country's big six banks issue Visa cards, while Bank of Montreal and National Bank of Canada issue MasterCard.

That's because, until recently, Visa and MasterCard were associations owned by the banks that issued their cards. But Visa Inc., which is based in San Francisco, became a publicly traded company this spring, two years after Purchase, N.Y.-based MasterCard Inc. made the transition from an association to a public firm.

The bureau had previously been worried that banks that were in both the Visa and MasterCard associations would be able to influence decisions on each side and restrict competition in the marketplace.

"In light of the restructurings and subsequent information obtained from various industry participants, the Bureau is no longer concerned that there is a potential for a member, or group of members, of one credit card network to negatively influence the competitive operations of another card network through dual governance," she said in her letter.

It will take some time for banks to begin issuing new brands of cards, but the decision will likely cause a wave of competition between Visa and MasterCard that will result in new and innovative products, said a banker who did not want to be identified.



Maurice Hudon, senior executive vice-president of Bank of Montreal, said the bank is in favour of competition that provides choice to consumers.

The decision is a boon for MasterCard, which can now seek to do business with more of the big banks. The company said this will make Canada a more attractive market.

"We're confident in Visa's ability to operate in a dual marketplace," Visa Canada spokeswoman Amy Cole said.

"The experience in other countries is that duality results in a competitive marketplace that leads to an increase in the variety of products and services available to personal and business cardholders."

This shift comes at a time of major upheaval for the country's payments systems. The Interac Association, the non-profit organization that runs Canada's main payments network for automated banking machine and debit transactions, has asked the Competition Bureau about a restructuring that would likely allow it to make a profit.

Interac wants the bureau to loosen its shackles so that it can compete more effectively with Visa and MasterCard, which are attempting to break into the debit card business in Canada.

In this landscape, the country is migrating to the use of "chip" cards, which use a microchip and a personal identification number (PIN), rather than a magnetic strip. Chip cards use technology that could allow a range of new products from combined debit-credit cards, to payment cards loaded with coupons.

To prepare for expensive new offerings, the so-called "interchange" fees that retailers must pay to accept credit card transactions have been rising, causing protests from merchants who say they are carrying the cost of new credit card perks for consumers. (Source: *Globeinvestor*, November 2008)

EDS and Cubic cling on to Oyster deal

Transport for London (TfL) has selected Cubic Transportation Systems and EDS to run the capital's pre-paid contactless travel card system in a deal that sees the Oyster brand retained.

Cubic and EDS are both part of the Transys consortium that has been running the system via a 17 year public finance initiative (PFI) contract since 1998.

In August TfL decided to ditch the Transys deal in 2010 by exercising a break option. The organisation has now selected Cubic and EDS to manage and develop the system from 2010 to 2013 in a move it hopes will save millions of pounds.

Shashi Verma, director, fares and ticketing, TfL, says: "This new deal will see Oyster in the pockets of Londoners for years to come and will save significant money that TfL will invest in improving transport in the capital."

Under the deal, the Oyster brand will also pass to TfL. In October TfL told the London Assembly the Oyster brand could be scrapped in 2010 and also suggested a new system that uses mobile phones or bank cards could be introduced.

In addition, the organisation says Oyster "will also be available if required for the 2012 Games".

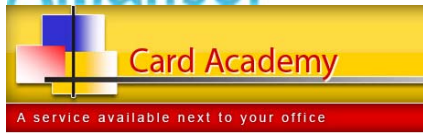
Transys and the system it runs have come under scrutiny recently, with outages and the publication of a research paper outlining security flaws found in the Mifare chips used in the cards. (Source: *Finextra*, November 2008)

MasterCard to issue diamond-studded cards

Markets are plunging, banks are collapsing and talk of recession is all about, but the global gloom is not stopping the launch of a MasterCard credit card inlaid with a diamond and laced with gold.

Known as the "Diamond", the card has a 0.02-carat gem embedded in its centre and a picture of a peacock for female cardholders and a winged horse for men.





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The card, which has a \$1,000 (£620) annual fee, is to be issued in two weeks' time by MasterCard and Kazkommertsbank, the second largest bank in commodities-rich Kazakhstan, where the oil and minerals boom of recent years has created a fresh crop of billionaires.

Asked about the timing of the launch, the bank's head of international payment systems, Alla Voyakina, said: "The [financial] crisis is also affecting us but we are talking about rich people, they can afford to have such cards. It's a question of prestige to have such cards in your wallet."

The diamond was "only a design element", Ms Voyakina said. "It's showing your status."

MasterCard had done "all the testing" to make sure such a card would fit into automated teller machines and point of sale slots, she added.

The card comes as even the super-rich are feeling the pain of the credit crunch. Spending on items such as \$1,000 mobile phones is expected to end a boom that more than doubled the size of the global luxury goods market in the past decade.

However, Ms Voyakina said the bank had a target audience of "the best of VIP customers" and only planned to issue 1,000 cards, at a rate of about 30 a month, starting on November 13.

Each would have a credit limit of \$50,000, about \$20,000 higher than the highest limit on some MasterCard platinum cards. MasterCard, which launched a similar card in Dubai last year, said such cards were "leading examples of MasterCard's ability to support our customers in meeting the lifestyle needs of these premium customers".

The invitation-only "Royale" card issued by Dubai First, a consumer finance group owned by the emirate's ruler, Sheik Mohammed bin Rashid Al Maktoum, offers a "lifestyle manager" and has no pre-set spending limits. The Kazakh card comes with a personal card "manager", available around the clock. (Source: *Financial Times*, November 2008)

Major US commercial payments players look for new opportunities in other markets

Bank of America in push to expand its global capabilities, and continues to show that it has ambitions to expand its global presence within the commercial payments space. This week it announced that it is expanding its corporate card offering in Europe for clients who undertake international purchasing and T&E spending. Examples of the improved service include local currency settlement so that clients are able to minimize their foreign exchange risk and consolidated account reporting across multiple countries, regions and globally. Additional benefits include Chip and PIN technology and a master contract that covers all countries offered throughout Europe. Initially the bank will be offering these services in nine major markets across Europe (the UK, Germany, Ireland, Belgium, Luxemburg, Netherlands, Spain, Sweden and Switzerland) but has plans to widen the service to other European markets according to client demand. This move is further evidence that Bank of America is committed to becoming a truly global player in commercial cards. It will be interesting to watch and see where they go next. (Source: *Commercial Payments International*, November 2008)

The Next Meltdown: Credit-Card Debt

The troubles sound familiar. Borrowers falling behind on their payments. Defaults rising. Huge swaths of loans souring. Investors getting burned. But forget the now-familiar tales of mortgages gone bad. The next horror for beaten-down financial firms in the US is the \$950 billion worth of outstanding credit-card debt—much of it toxic.

That's bad news for players like JPMorgan Chase and Bank of America that have largely sidestepped—and even benefited from—the mortgage mess but have major credit-card operations. They're hardly alone. The consumer debt bomb is already beginning to spray shrapnel throughout the financial markets, further weakening the U.S. economy. "The next meltdown will be in credit cards," says Gregory Larkin, senior analyst at research firm Innovest Strategic Value Advisors. Adds William Black, senior vice-president of Moody's Investors Service's structured finance team: "We still haven't hit the post-



recessionary peaks [in credit-card losses], so things will get worse before they get better." What's more, the U.S. Treasury Dept.'s \$700 billion mortgage bailout won't be a lifeline for credit-card issuers.

The big firms say they're prepared for the storm. Early last year JPMorgan started reaching out to troubled borrowers, setting up payment programs and making other adjustments to accounts. "We have seen higher credit-card losses," acknowledges JPMorgan spokeswoman Tanya M. Madison. "We are concerned about [it] but believe we are taking the right steps to help our customers and manage our risk."

But some banks and credit-card companies may be exacerbating their problems. To boost profits and get ahead of coming regulation, they're hiking interest rates. But that's making it harder for consumers to keep up. That'll only make tomorrow's pain worse. Innovest estimates that credit-card issuers will take a \$41 billion hit from rotten debt this year and a \$96 billion blow in 2009.

Those losses, in turn, will wend their way through the \$365 billion market for securities backed by credit-card debt. As with mortgages, banks bundle groups of so-called credit-card receivables, essentially consumers' outstanding balances, and sell them to big investors such as hedge funds and pension funds. Big issuers offload roughly 70% of their credit-card debt. (Source: *BusinessWeek*, November 2008)

Four banks to trial Visa PIN code cards

Four European banks are to pilot a new Visa card comprising a display for generating one-time numeric codes for consumers to use when transacting online or by telephone.

MBNA, a Bank of America company in the UK, Cornèr Bank in Switzerland, Cal in Israel and IW Bank in Italy will each begin pilot trials of the new card over the next few months.

The Visa PIN card features an alpha-numeric display and a 12-button keypad built into the back of a conventional credit, debit or prepaid card. The card, developed using technology from Australia-based Emue technologies, promises a three-year battery life, overcoming a potential stumbling block to such schemes in the past.

When used with Verified by Visa (VbV) the consumer would not need to register or remember usernames and passwords, instead they would enter their PIN into the card which creates a unique code for a specific purchase or transaction.

In Switzerland, Cornèr Bank will issue the first cards to 500 VbV subscribers.

Alessandro Seralvo, director at Cornèrcard comments: "Authentication is an important functionality we make available to our cardholders for the card-not-present world. Our philosophy is to offer a variety of authentication solutions, leaving each cardholder the possibility to select their preferred solution. The Visa one-time code card fully responds to this philosophy."

The Verified by Visa scheme and MasterCard SecureCode programme have so far done little to inspire confidence in consumers about the safety of their card details when shopping online. Visa has promised to combat the criticism and plans to introduce a new user interface that keeps the cardholder on the merchant Web site during the authentication process, rather than redirecting users to a confusing new pop-up page for authentication. Pilots of the new process are under development and will be followed by a wider launch in 2009, says Visa. (Source: *Finextra*, November 2008)

Signs of Strong Acceptance of Unembossed Cards in the US

Dynamic Card Solutions reports that it is seeing very strong demand for unembossed "flat" card instant issuance among financial institutions. DCS says it has received orders for approximately 1,300 new FCP 20/20 flat card printers, which is powered by HID Global's High Definition Printing (HDP) technology.

Based on the major successes of DCS' initial flat card pilot programs utilizing the FCP 20/20, which resulted in Visa® Inc. approving instant issuance of unembossed debit and credit cards, as well as the continued trend of consumers switching to non-cash methods of payment, DCS is well positioned in the



marketplace to offer financial institutions of any size a cost-effective and innovative card issuance model that enables banks and credit unions to gain and retain customers.

With 98 percent of all global transactions now being processed electronically, the need for embossed characters has virtually been eliminated. The FCP 20/20 enables financial institutions to instantly issue a secure and highly durable flat-panel plastic card that works just like a traditional embossed card, however, does not have the raised lettering and numbers.

Recognizing the positive impact on customer service and card activation and usage rates, more banks and credit unions are implementing instant issuance technology worldwide. And, with many financial institutions now offering a multitude of background images to associate their cards with affinity programs and/or institutional branding, the FCP 20/20 advances the instant issuance of these permanent and personalized cards even more so at the branch.

Along with the ability to print cards on demand—eliminating the delay, cost and risk to receive cards through the mail—the FCP 20/20 coupled with DCS' patented CardWizard software enables banks and credit unions to personalize and customize a full range of debit, credit and prepaid cards using thermal, unembossed printing from a single stock of association-branded blank cards. The CardWizard software transfers the front and back card images along with all personalized data to the FCP 20/20, which prints a reverse image on the underside of HID Global's HDP film. The film is then fused to the card surface, resulting in photo-quality, continuous-tone images over the card edge. In addition, the HDP film makes the cards tamper-evident, highly resistant to wear and abrasion, and conforms to ridges and indentations formed by any embedded electronics.

"With plastic cards increasingly becoming the most convenient global currency, this unique unembossed technology is the next-generation instant issue tool that helps improve customer service levels, increase revenue generation on cards, and allows banks and credit unions to cross-sell other card products," said Ron Zanotti, senior vice president of DCS. "The company is seeing a very strong demand among financial institutions with instant issuance of unembossed cards because of the flexibility, reliability and affordability that the FCP 20/20 offers compared to instant issuance embossing alternatives. We anticipate much greater success as financial institutions continue to understand and appreciate the advantages of instant issuing secure unembossed permanent cards." (*Source: Payments News, November 2008*)

Scheme news

AmEx Gets Access to Bailout Fund

American Express Co. won fast approval to become a bank-holding company, helping the credit-card giant gain access to a chunk of the \$700 billion in federal funds being pumped into financial firms.

The move shows how quickly financial-services firms that have long relied on the capital markets are racing to shore up their funding sources as the credit crisis drags on and economic turmoil spreads around the world.

The specter of a steep recession has fueled investor worries about AmEx's financial position, even though its two bank units already have access to the Federal Reserve's discount window. Last month, the New York company said it could keep itself going for at least a year if it were shut out of the credit markets.

"Given the continued volatility in the financial markets, we want to be best positioned to take advantage of the various programs the federal government has introduced or may introduce to support U.S. financial institutions," Kenneth Chenault, AmEx chairman and chief executive, said in a statement Monday night.

In the order approving the regulatory change, the Fed described the two bank units as "well capitalized." But the company is expected to quickly turn to the Treasury Department for an investment to bolster its position.

Mr. Chenault said the decision "does not fundamentally change" the company's "core focus on the payments industry," an indication that AmEx isn't interested in acquiring a large commercial bank. If it doesn't buy a bank, AmEx could buy deposits of failed institutions or launch an Internet-only savings program. That strategy usually attracts money from customers who chase the highest rates and don't keep their money in one place for long.

Normally it would take months to win regulatory approval for such a switch. The Fed waived its normal procedures to expedite AmEx's application, citing "unusual and exigent circumstances affecting the financial markets." Similar language was used when it allowed Goldman Sachs Group Inc. and Morgan Stanley to convert from investment banks to bank-holding firms in September. (Source: *WSJ*, November 2008)

Visa Sets Global PCI DSS Deadlines

Visa has announced global mandates for compliance with the Payment Card Industry Data Security Standard (PCI DSS) - saying it is "creating a consistent framework for compliance among merchants, service providers and their agents."

The enhancements include a global set of requirements for merchants to validate their compliance with PCI DSS; and for the largest merchants, dates by which they must achieve validation. Deadlines are also set for large and mid-level merchants to demonstrate that they are not storing certain types of sensitive card data. Service provider levels and PCI DSS validation requirements have likewise been aligned under a global standard and compliance timeline.

Compliance with PCI DSS will help protect businesses from financial and reputational harm that often results from cardholder data compromises. Visa data security compliance programs have provided compelling incentives for merchants and agents to properly secure cardholder data.

The new framework establishes the minimum requirements for Visa Inc. regions. As an independent company and licensee of Visa International for the business operations in European markets, Visa Europe's PCI DSS framework requires compliance validation and risk mitigation for Level 1 merchants; however the region will be adhering to a different timeline and process for executing compliance validation.

"Compliance with PCI DSS is vital to ensuring the integrity of the global payments system," said Eduardo Perez, head of global data security, Visa Inc. "Aligning compliance programs across the Visa regions is the latest step in our commitment to safeguarding cardholder data." (Source: *Payments News*, November 2008)



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Contact and Partner information

Here you find information and links to Card Academy and our partners. We currently have Agent agreements covering Finland and the Baltic states.

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Would you like to know more about business opportunities outside the Nordics and the Baltic states..

Tell us about your thoughts, needs or requirements. Don't hesitate to get in touch with us!

Card Academy and RIXTAR to launch training and workshops in Riga, Latvia

Card Academy and RIXTAR announces training and workshop "Play the cards" on 26 -27 Feb 2009 in Riga, Latvia. Through this module participants are given the opportunity to "Play the Cards", using a simulation model that allows them to try different scenarios and compete with local colleagues. This module will focus on how to run the credit cards business in a profitable way.

In addition Card Academy and RIXTAR announces 1/2 day training with focus on "Commercial Cards/Procurement Cards. This training takes place on 25 Feb 2009 (afternoon) in Riga, Latvia. The objective of this training is to familiarize the participants with the specific payment cards – Commercial cards and Procurement cards. Improve and expand your knowledge about the business opportunities of Commercial cards and Procurement cards.

Registrations made before 31 December 2008 are offered an "early bird" registration discount of 10%. As places might get taken up fast, we advice to book your place as soon as you can to avoid disappointment.

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