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Latest news from Card Academy

Season Greetings to all our Card Academy subscribers

The year 2008 was a fantastic year for Card Academy.

- As a brand the company was established in February this year.
- Partnership Agreements were signed with Rixtar SIA in Riga, Latvia and with Dedicon Oy in Finland
- As of October this year a very promising Joint Venture was established together with Alliansor Caps AB in Stockholm, Sweden.
- Card Academy Group was established on LinkedIn – and is currently holding more than 150 Card and Payment specialist, with the majority being from the Nordics and mainland Europe.
- Card Academy Bulletin has reached more than 1,000 subscribers, with the majority being from the Nordics and Baltic States.
- Mentoring sessions, Card Academy modules and more customized training session are being delivered by Faculty members of Card Academy.



We send you our sincere Season Greetings, and are really looking forward to continue our relationships in 2009.

Yours sincerely,



Kurt Andersen, Card Academy



The Nordic and Baltic States news

Toys R Us shoppers hit by Eftpos skimmers

Police in Sweden are warning shoppers who bought goods in two Toys R Us stores in the last few weeks to cancel their bank cards after skimming equipment used to steal data was found on Eftpos terminals.

According to local press reports, police first found skimming technology on a terminal in a store in the city of Malmö. The device was used to save PIN and card numbers onto a memory card, which were then sent to fraudsters over a wireless network.

A second, identical, piece of skimming equipment was then found and confiscated by police at a shop in the Stockholm area.

A police spokesman told reporters the theft was possibly carried out by a criminal network from Romania, with the stolen card data believed to have been sold on the Internet. Several Toys R Us customers have already had their cards charged from Italy, he said.

In a statement, Toys R Us says it has a daily routine for checking card terminals and an internal audit department monitors transactions at checkout. The shop adds that it wants to see Chip and PIN introduced in Sweden to tackle card fraud. (Source: Finextra, December 2008)

Varner Group with one common Nordic solution provided by DnB NOR and BBS

The Varner Group put out a tender to replace and manage payment terminals in more than 1,100 stores across the Nordic countries – a tender which was won by DnB NOR and BBS.

“We deliver a common payment terminal solution across all Nordic countries”, says Kjell Vigdal and Morten Jensen.

Those two persons have been key in this whole process, starting up with pilot installations in Norway and Sweden during this summer – followed by installations during 2009, including merchants in Finland and Denmark.

The Varner Group includes stores like Dressmann, Cubus, Carlings, BIK BOK and Vivikes – being present in 9 countries. One of the key requirements during the tender process was to have one single Supplier and one common payment terminal solution, including processing and acquiring of transactions.

In terms of maintenance DnB NOR and BBS has promised the Varner Group a less-than-4 hours service on any terminal in any country. (Source: BBS, December 2008)

Europe & World Wide news

Cross-border e-commerce is best strategy for success for UK companies in 2009, study shows

Selling across borders may become the path towards increased revenue for UK online retailers in 2009, a study indicates.

With only 30 million of a potential 150 million consumers currently making cross-border online purchases, there is an increased opportunity for all businesses, especially SMEs to tap into the e-commerce market. 66 percent of EU SMEs claim that they only accept transactions from customers who live in the same country, while only 26 percent of them are focused on cross-border expansion as part of their growth strategy. Of all European countries, the UK has the highest cross-border expenditure across all purchasing channels (its population spending EUR 2.26 billion abroad), followed by Germany (with EUR 1.41 billion), France (EUR 1.07 billion), Austria (EUR 490 million) and the Netherlands (EUR 426



million). Between 2003 and 2006, cross border e-commerce has increased by over 200 percent. This growth is attributable to the expansion of big brand cross-border sales, rapid growth in domestic and commercial broadband penetration and growing consumer confidence. Nevertheless, cross-border e-commerce represents only 18 percent of all cross-border purchases made by EU consumers.

The Borderless report was commissioned by UK public relations agency thebluedoor and was written by Colum Joyce. (Source: *PayPers*, December 2008)

Russia's Alfa-Bank rolls out Aladdin authentication devices

Russia's Alfa-Bank has rolled out 20,000 USB smartcard authentication devices from Aladdin Knowledge Systems to its online banking customers.

Aladdin says Alpha-Bank chose its eToken devices to provide its online customers with additional protection from phishing, malware and other Web threats.

The devices will enable online customers to securely process electronic documents, monitor transactions, contact the bank and import and export data to its accounting systems.

Shlomi Yanai, VP, authentication business unit, Aladdin Knowledge Systems, says: "There is a growing trend within finance, healthcare, law enforcement and other sensitive industries to use advanced smartcard identification to restrict access, prevent fraud and ensure security when conducting business online." (Source: *Finextra*, December 2008)

UK Credit Card Issuers Agree to Change Practices

APACS has announced that, "following a successful meeting on 11 December between the [UK] credit card industry and Government, real changes for credit card holders who may be struggling to make their regular payments are announced. This delivers on the industry's commitment to draw up new principles made at the credit card summit on 26 November. APACS has published a fact sheet to explain exactly what has been agreed and what the changes mean for credit card holders."

As the Guardian reports, earlier UK credit card "lenders were given two weeks to come up with a set of "fair principles" and warned that the Office for Fair Trading would be asked to investigate if they failed to agree on a plan."

Two changes have been agreed to help customers struggling with their finances in these challenging economic times, they reflect current industry best practice:

- Breathing space for customers in trouble: the first is the creation of an agreed breathing space for any customer working with one of the free debt advice agencies to establish a debt repayment plan. This will give those customers a minimum of 30 days, whilst they agree a repayment plan, during which time the credit card company will suspend collection activity. If discussions remain ongoing after 30 days, there is an option of extending this by an extra 30 days to ensure agreement can be finalised. This change will be invaluable to customers when they are under the most stress.
- Increased transparency on risk-based repricing: The second change will increase transparency for customers in the area of risk-based repricing. Many credit card companies use risk-based repricing to calculate the risk of lending an open-ended, unsecured line of credit to a customer whose financial position can change over time. Risk-based repricing can result in changes to the overall cost of credit to a customer. These agreed changes will ensure that customers will be notified when their interest rate is being changed as a result of risk-based repricing, and critically, if their interest rate goes up they will be given sufficient time to close their account or be offered an alternative product, where available. Credit card issuers have also agreed that they will not increase the interest rate on a card on the basis of risk during its first twelve months,



or more often than six monthly thereafter. No risk-based repricing decisions will be taken after 01 January 2009 that do not comply with these principles.

We are now working to ensure these changes are built into The Banking Code so that they can be independently monitored.

Joanna Elson, Chief Executive of the Money Advice Trust says: "We warmly welcome a new 'breathing space' when credit card companies will suspend collections activity for 30 days - and if necessary longer - whilst people in debt work with free independent debt advisers to come up with a workable repayment plan. The current economic climate means that more people than ever before will be needing help and support, and this appears to be a useful step forward."

Sandra Quinn, Director of Communications at APACS says: "These changes will really help those customers who find themselves faced with real problems in paying money back that they've borrowed. But ideally we'd like to help ensure customers don't get to this point. Although half of cardholders haven't in the past few years used credit cards as borrowing tools - but if you do borrow on a credit card or plan to at this time of year - as so many of us do - make sure you know how you plan to repay it. Credit cards offer great flexibility for borrowing in the short-term but can be expensive if you borrow over a longer period. These changes do not mean that your APR will always remain the same, which is why it is important to check that you have the right card for you. Your APR is always a good place to start but interestingly only 25% of credit card holders say that they know the APR, and therefore what they are being charged to borrow on their credit card." (*PaymentsNews, December 2008*)

US e-tailers to lose \$4bn to fraud in 2008 - CyberSource

US e-commerce merchants expect online fraud to cost them a record \$4 billion this year, up from \$3.7 billion in 2007, according to a survey from electronic payments outfit CyberSource.

However, the poll of 400 e-tailers found that although losses are rising in dollar terms, they are holding steady as a percentage of revenue. In 2008, respondents expect the fraud loss rate to be 1.4% of revenue, the same as 2007 and 2006.

In 2008, e-tailers rejected 2.9% of orders because of concerns about fraud, compared to 4.2% the previous year. CyberSource says falling rejection rates coupled with steady fraud levels imply merchants are more successful this year at fighting fraud.

The survey also shows international orders are far riskier than those from people in the US and Canada. The fraud rate on orders accepted by merchants averages 1.1% for US and Canadian customers but the figure is 3.6 times higher on international orders.

When it comes to fighting fraud, CyberSource says respondents are showing evidence of increasing interest in automated detection tools. The firm asked merchants about their plans to implement 14 tools that had also been studied in 2007. In every case the intent to implement increased, in some cases by as much as two to three times.

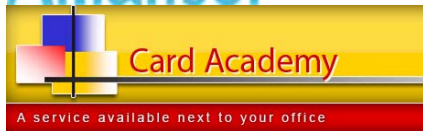
Doug Schwegman, director, market and customer intelligence, CyberSource, says: "Losing on average about 1.4 percent of sales to fraud has been the constant. This year, however, for the first time, merchants could not rely on double-digit market expansion to bolster online revenue growth or to cover inefficiencies. In two key areas - lower order rejection rate and higher interest in automated tools - merchants seem to be managing more aggressively in a challenging economy." (*Source: Finextra, December 2008*)

Coffee Republic introduces contactless loyalty card with sQuid

UK retailer Coffee Republic is teaming with e-money start-up sQuidcard to launch a contactless loyalty card.

The Coffee Republic branded pre-paid 'Payment and Loyalty' smartcard offers contactless payments and the promise of promotional top-ups which are redeemable in-store.





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Users can register the card and view transactions and loyalty funds online. The card can also be topped up on the Internet as well as in-store.

Peter Breach, chairman, Coffee Republic, says: "We wanted to move on from the loyalty-only card; we needed contactless, and an ability to extend an online relationship with our customers meant that sQuid was the obvious partner."

The loyalty card is being offered to customers in three London stores before a nationwide roll out early next year.

Coffee Republic already accepts contactless payments having signed up for Barclaycard's OnePulse last year. (Source: *Finextra*, December 2008)

EUFISERV ATM Scheme Says It's Ready for SEPA

EUFISERV Payments has announced that the EUFISERV ATM Scheme is fully separated from its former processing business, in line with the SEPA requirements of the European Central Bank and the European Commission.

Since it began in 1990, the scheme has been owned and managed by EUFISERV – a combined scheme and processing business. At the end of last year, prior to the announcement of the agreement between EUFISERV and First Data Corp., the EUFISERV Scheme was "spun-off" from EUFISERV into a new company – EUFISERV Payments. The new company's shareholders are major European banks and bank owned organisations.

Currently the EUFISERV ATM Scheme provides access to cash to over 67 million cardholders. EUFISERV branded cards are issued by over 600 participating European banks and are accepted at 68,000 branded EUFISERV ATMs across Europe. It is the only European scheme in operation today.

Since the spin-off from EUFISERV, the new company has carried out a thorough overhaul of the necessary governance arrangements and scheme rules. EUFISERV Payments and the EUFISERV Scheme are now fully SEPA compliant. The scheme is completely independent of processors, including Trionis – the new name for the former EUFISERV processing business.

Wolfgang Adamiok, Chairman of EUFISERV Payments and Head of Card Strategies at the German Savings Banks Association, commented: "We have worked hard to do what is required for SEPA. This work assures continuity of service to our participating banks, as well of course, to cardholders. EUFISERV Payments and its shareholders fully support the SEPA project and are proud to announce their contribution to its success. We trust that other schemes will follow our lead and separate scheme management functions from processing; otherwise we will not have a level playing field.

John Ormerod, General Manager of EUFISERV Payments, added: "As well as cooperating with other schemes and alliances for mutual acceptance, the EUFISERV Scheme – as a SEPA-compliant scheme – is open to banks and other financial institutions to join directly as members. We can offer new members an attractive proposition for their ATM business as well as service to their cardholders." (Source: *PaymentsNews*, December 2008)

Scheme news

Visa Europe predicts highest ever online debit card spending despite recession

Visa, the UK's leading debit card, predicts that December 08th will be the busiest day for online shopping during the 2008 Christmas period, with over two million Visa card online sales transactions being made in total.

Similar to previous years, online spending is predicted to peak on a Monday in early December as shoppers turn to the internet having failed to find the presents they wanted in shops at the weekend. They also go online to see if they can find a better deal on an item seen in a shop. In December 2006,



Monday 4 December was the busiest day for Visa transactions with just over one million transactions done online within the UK. In December 2007, Monday 3 December was the busiest day with around 1.5 million transactions done online within the UK.

In the four weeks from 6 November to 3 December, the early part of the Christmas shopping season, total spend in the UK on Visa debit cards increased by 7% with the number of transactions increasing to just over 206 million. Online spend on Visa debit cards increased 29%, compared with the same period in 2007, accounting for over 15% of all Visa debit card spend.

Dr Steve Perry, Commercial Director from Visa Europe comments: "We expect the rise of online consumer shopping to continue. In the last week alone, online spending with a Visa debit card increased by 20% on the previous week, amounting to nearly £600 million.

"Consumers are keen to place their online orders in time for Christmas, ensuring they are delivered on time. The added consumer protection Visa debit cards provide shoppers for online transactions and the rise in spending demonstrates the confidence consumers now have in online shopping" (Source: Visa Europe, December 2008)

Visa Named 'World's Leading Card' at World Travel Awards

Based on a worldwide online poll of more than 167,000 travel agencies and front-line travel agents across more than 160 countries, Visa Inc. (NYSE: V) has been named the "World's Leading Credit Card" by the 2008 World Travel Awards (WTA).

The World Travel Awards honors leading travel-related organizations in worldwide and regional categories, which range from airlines, hotels, beaches and cruise lines to credit cards, car rental companies and hotel reservation services. Visa and other payment brands were evaluated against criteria including scope of distribution, convenience and overall services.

"Visa is honored to be recognized once again by one of tourism's most prestigious awards programs," said Vicente Echeveste, Global Travel and Tourism Lead at Visa Inc., "Through our continued partnership with the tourism industry, we're focused on promoting sustainable growth by delivering payment systems that offer value to travelers, businesses and communities."

"Visa has been the favored card for international tourism for more than a decade, despite intense competition," said Graham Cooke, president and founder of the World Travel Awards. "We're pleased to recognize the consistent and unsurpassed value that Visa delivers to travelers and tourism providers worldwide."

A longtime supporter of tourism industries throughout the world, Visa offers a network of more than 29 million merchant outlets and 1.6 billion cards in circulation worldwide. As a result of Visa's strategic partnerships with many global merchants and corporations, Visa cardholders can benefit from extraordinary values on travel and entertainment promotions. For example, Visa.com provides Visa cardholders with retail, travel and entertainment offers from hundreds of merchants in key destination markets or by designated category around the world. These extensive merchant and marketing relationships, as well as Visa's unsurpassed acceptance around the world, have fostered growth in the retail, travel and entertainment categories.

Visa received this designation last week at the 15th annual WTA ceremony at Beaches Turks & Caicos Resort and Spa, Providenciales in the Caribbean. This is the 11th consecutive year Visa has won this award. (Source: Visa International, December 2008)



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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!

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