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Latest news from Card Academy

Card Academy – next to your office

Another interesting year has just started up, and we are really looking forward to serve you and your staff through our educational services:

- Flexible modules
- Customized to your needs
- In local language where possible
- Delivered on your premises
- Conducted as closed sessions

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



Yours sincerely,



Kurt Andersen, Card Academy

The Nordic and Baltic States news

Five Nordic Banking- and Finance companies merge, and becomes Ikano Bank

With a total of 470 employees whereof 80 employees will work out of Denmark, Ikano Bank is now the result of a merger of five Nordic Banking- and Finance companies.

The merger includes Ikano Finans in Denmark and Norway, Ikanobanken in Sweden, Leasing activities within Finans AB Barck and finally Ikano Finance Management.

"Through this merger we want to further strengthen our position in the Nordics. We already operate clients cross the Nordic countries, and our expectations are to see more Pan-Nordic clients going forward. Having one Nordic business entity we expect to be able to increase profitability, and also have more efficient workflows." says Bo Liljegren, Managing Director of the Ikano Bank-corporation.

Ikano is an international Finance Company with presence in 14 different countries – located in Europe, US and Asia. (Source: Børsen, January 2009)

PBS will once again be the main sponsor of the Nordic Card Markets conference

Future strategies for the Nordic card market as well as PBS' customer groups form the background for PBS' active role at this year's SMI conference, which will take place in Stockholm on 20 and 21 January 2009.

PBS has chosen to be the main sponsor for the fourth year in a row at the card conference, which is the largest in the Nordic region. The conference will be held for the eighth time in Stockholm. The organiser, SMI, expects approximately 150 professionals from the industry to attend.

On the first day of the conference Tue Lystrup, Associate Director at PBS, will speak about the need for a common Nordic card strategy customised to the Nordic market. Representatives from Luttokunta, Nordea Bank, DnB NOR, Gemalto, MasterCard and Visa Europe will also contribute with speeches concerning the future of card payment services, mobile payments, contactless payment and partnerships across the Nordic region. (Source: PBS, January 2009)

EDB & Encap: Secure internet banking log-in using a mobile telephone

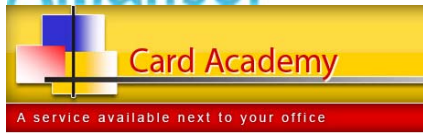
Many Norwegian internet banking users currently rely on security calculators to log in to their internet banking accounts. EDB, working in collaboration with the Norwegian technology company Encap, is now launching a new solution for secure log-in using a mobile telephone. The new solution may replace about 3 millions security calculators currently in use in Norway.

"We have recognized that Norwegian banking customers need a secure but simple way to access their internet bank without having to rely on a security code calculator. We have now found a solution that will simplify their everyday use of internet banking", explains Wiljar Nesse of EDB.

An increasing number of Norwegian banks currently use the BankID system for logging in to their internet banks. BankID uses what is known as two-factor authentication. Two-factor authentication uses "something you know" and "something you have" (often termed KNOW and HAVE factors). In practical terms, this normally means using a password and entering a code generated by a security instrument. Until now, banks have only been able to offer their customers security calculators or scratch card codes. These provide a high level of security, but do mean that the customer has to have the relevant security instrument to hand when carrying out authentication.

Norwegian banks are very actively involved in launching a number of new services that require authentication. Examples of this include Mobile Banking and the 3-D Secure security protocol to authenticate card transactions carried out over the internet. These services are in demand by customers, who need to be able to use them wherever they are.





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EDB can now offer two-factor authentication based on using a mobile telephone handset. The solution is simple to use, and authentication can be carried out from most models of mobile telephones sold in Norway over the last three years. The solution delivers secure authentication using a mobile telephone, which is something that customers will in practice always have available wherever they are. The Norwegian technology company Encap developed the solution, which is now being made available for Norwegian banks in collaboration with EDB. The solution uses the mobile handset's Java platform, and therefore operates regardless of which mobile operator the banking customer uses.

Customers of banks that offer the service need to install the new solution on their mobile telephones, but this is a simple task.

Each bank will make its own decision on whether to offer authentication from mobile telephones, and will also decide whether to offer this as an alternative to current solutions or whether it should replace them. One possibility is that internet banking users will be given the choice of which HAVE instrument they wish to use. The new solution satisfies the requirements set by the Norwegian Banks' Standardisation Office for a HAVE instrument to use with the BankID system. (Source: Encap, December 2008)

Europe & World Wide news

Barclays to move to contactless debit as standard

The UK's Barclays Bank says that from March most Barclays debit cards that are issued or reissued will have contactless technology built in as standard.

The bank, which claims to be the first in the UK to roll-out contactless Visa debit cards, expects more than three million customers to be using the technology by the end of the year.

Over 8000 UK retailers currently accept contactless payments including fast food sandwich bars and independent retailers.

The cards can be used to pay for transactions of £10 or less, without the need to enter a PIN or insert the card into a terminal.

The next generation of cards will still have chip and PIN which will be used for purchases and for ATM transactions, states the bank, and will periodically prompt for the PIN to be entered at contactless terminals to verify the customer's identity.

Barclaycard was the first to introduce contactless technology on credit cards in the UK in September 2007 with the launch of Barclaycard OnePulse, the three in one Oyster, credit and contactless card.

The bank has recently been running a national TV advertising campaign to promote the benefits of contactless technology. (Source: Finextra, January 2009)

Chinese banks have issued 1.73 billion cards by the end of September 2008

By the end of Q3 2008, banks across China have put into circulation 1.73 billion cards aimed at Chinese customers, up 19 percent as compared to the corresponding period of 2007.

Of these, 1.6 billion were debit cards, an increase of 16 percent on a year-over-year basis. The consumption value on the average bank card fell down 8.7 percent from Q2 to USD 210.37 (CNY 1,435). Statistics have been released by People's Bank of China, and Paypers Insight is the source of the above information.

Area/Organisation	Cards (millions)	Annual spending (US\$ in trillions)
China (all banks)	1,730	1.5
Visa Worldwide	1,998	4.7
MasterCard Worldwide	916	2.3

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Visa Inc. is the world's largest payments company, with more than US\$4.2 trillion of total volume as of June 30, 2008. According to Visa Inc. Operational Performance Data as of June 2008 they have issued in total 1.65 billion cards worldwide. Visa Europe being the membership association of 4,600 European banks have collectively issued over 348 million Visa debit, credit and commercial cards in Europe. In the year ending September 2007, those cards were used to make purchases and cash withdrawals to the value of over US\$2.0 trillion.

MasterCard Operational Statistics reports as of end December 2007 a total of 916 million MasterCard cards issued worldwide by Members of MasterCard. The total spending volume on these cards was reported as US\$2.3 trillion.

European Commission publishes first eProcurement map

The European Commission's ePractice.eu interactive portal publishes the first version of the European eProcurement map. The latter represents an overview of activities, projects and initiatives which impact the pan-European development, implementation and standardisation of electronic invoicing and procurement practices.

The document was devised by members of the eProcurement Forum, the community of eProcurement experts hosted by the ePractice.eu portal, and includes information and analysis which address all European eProcurement stakeholders. The data included in the 'eProcurement Map' serves to provide members of the Forum and other experts with information on current initiatives or communities, on their targets, audiences or approaches to electronic invoicing and procurement. The Map also serves to make practitioners aware of various opportunities of cooperation and knowledge sharing between practitioners.

The document is currently available for download on the European Commission's IDABC (Interoperable Delivery of European eGovernment Services to public Administrations, Business and Citizens) website. (Source: *Paypers*, December 2008)

UK prepaid card vendor Tuxedo closes £17m funding round

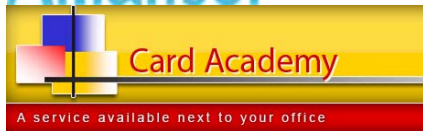
UK prepaid card programme service provider Tuxedo Money Solutions has completed a significant funding round with all major shareholders participating.

David Dey, chairman of Tuxedo commented: "The company has performed remarkably well in the final quarter of 2008 in all areas of the business. We have launched several revolutionary new services on our industry leading account platform and have now completed the patent application process for the new technology we have developed. We have also expanded successfully in the corporate sector and our consumer programmes are doing well. Results for the final quarter are ahead of budget and several major wins in both markets have added even greater value to the company. This has given the shareholders confidence to invest substantial additional funds in Tuxedo. The outlook is certainly very positive."

Tuxedo has signed an agreement with a leading UK retailer this month to provide several thousand staff with payroll cards to replace cheques, and have announced a strategic agreement with Bond International Software, a global provider of recruitment and human capital management software & services, to offer payroll, expenses, rebate and other prepaid card products to their substantial client base. The Tall Group of Companies, the UK's leading provider of special cheques, credits, secure encoded document solutions and streamlined payment systems has also partnered with Tuxedo to offer prepaid card products and services to its 30,000 corporate clients.

Recently Tuxedo completed exclusive agreements to provide its account and prepaid card service to over 500 of the world's super yachts for expenses and staff payroll. Earlier this month it also launched a prepaid card based reward programme for 4,000 distributors of one of the world's largest mobile networks.





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Tuxedo says it is currently developing several large programmes including prepaid forex cards for the one of the UK's premier foreign exchange services groups, to be launched in early 2009. This follows on from the launch of five new white label consumer programmes in the last quarter of 2008.

Tuxedo says it has also finalised an agreement with the Post Office to enable all its existing partner programmes - comprising of over 50,000 active cards, to be topped-up at 14,000 post offices in the UK from January.

On the technology front, Tuxedo has added several new payment services to its account platform including direct debit payment, standing order and cheque cashing services which will substantially enhance the Tuxedo product for the debt management, unbanked and underbanked sectors.

In November 2008, Tuxedo completed the roll out of its unique Mobile account service, enabling users to manage and control their money and prepaid cards from their mobile phones, to all their partner products including The Sun, The Times, STA Travel and News of the World.

In January 2009 Tuxedo will add an additional 3,000 qualifying stores, including SPAR and Co-op Group outlets, to the selected 6,500 retail sales distribution points already selling the Tuxedo MasterCard Prepaid Card retail pack. Tuxedo will also commence development work in the new year on a new multi-faceted instant issue card product to be distributed through 19,500 PayPoint stores nationwide. (Source: *Finextra, December 2008*)

Scheme news

MasterCard acquires Orbiscom

MasterCard has acquired Dublin-based card security company Orbiscom for a maximum consideration of \$100 million.

The acquisition builds on the companies' existing partnership that created MasterCard inControl, a turnkey platform for developing tailored card programmes attuned to issuer client requirements. The product set features a menu of authorisation, transaction routing and alert controls which can be switched on as required.

In 2008, Royal Bank of Scotland became the first financial institution to implement MasterCard inControl for its commercial card customers.

Robert Selander, MasterCard president and chief executive officer, comments: "By adding Orbiscom's expertise, intellectual property and talented team of innovative payments-industry professionals to MasterCard, we will further accelerate the development of new payment solutions for our customers."

Garry Lyons, chief executive officer, Orbiscom, adds: "Joining MasterCard, a proven, global payments leader, enables Orbiscom's innovations to come to life on a bigger scale." (Source: *Finextra, January 2009*)

American Express gets OK for \$3.39B from US government

American Express Co. said 23rd December 2008 it received preliminary approval to obtain \$3.39 billion in capital as part of the government's \$700 billion bank investment program.

Primarily a credit card lender, American Express changed its structure to become a bank holding company last month. The change in status allows American Express to tap a wide array of government funding and lending programs, including the bank investment program.

The government investment, administered by the U.S. Treasury Department, is part of a broader program to invest in banks amid the ongoing credit crisis. It's an effort to stabilize the financial services sector and spur lending between banks and to consumers and businesses.



Many banks have been hit hard over the past year-and-a-half by a sharp rise in mortgage defaults and a freezing of credit markets. As some financial firms collapsed in recent months, banks shied away from lending to each other and to customers for fear that losses would mount.

The government program calls for the U.S. Treasury Department to receive preferred stock and warrants to purchase common stock in return for the investment. The preferred stock carries an interest rate of 5 percent per year for the first five years. It then increases to 9 percent after five years if the preferred shares are not redeemed.

Financial services firms, such as American Express, had faced dwindling funding options as the credit crisis mushroomed in recent months. The securitization market, which American Express used to raise operating capital, has all but evaporated as investors avoid purchasing all but the safest forms of debt. The market had allowed lenders to bundle packages of loans to be sold to investors.

Shares of American Express fell 46 cents to close at \$17.96 on 23rd December 2008. (Source: *Washington Post*, 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!

Next issue of the Card Academy Bulletin will be on 23rd January 2009.