

## ISSUE # 24, 2009

### Items in this issue:

<b>Latest news from Card Academy.....</b>	<b>1</b>	iPhone apps turn handsets into credit card terminals .....	<b>5</b>
Your local Card Academy .....	1	<b>Scheme news.....</b>	<b>6</b>
<b>The Nordic and Baltic States news.....</b>	<b>2</b>	American Express acquires EMVCo stake.....	6
A personal card reveals the health of business people ...	2	Visa Europe to invest EUR 10 million to equip retailers	6
Handelsbanken puts locks on cards .....	2	with payWave terminals.....	6
Danes world champions in using payment cards.....	2	JCB selects RSA FraudAction to protect online	6
Eurasian Bank has launched VISA Infinite Eurasian	3	customers .....	6
Diamond Card.....	3	Double digit growth in spend on Visa cards in Europe in	7
<b>Europe &amp; World Wide news.....</b>	<b>4</b>	2008.....	7
February launch for unique card offering by Société des	4	American Express announced its financial results for	7
Paiements PASS – the financial services' subsidiary of	4	the fourth quarter of 2008.....	7
Carrefour .....	4	<b>Contact and Partner information .....</b>	<b>9</b>
UK fraud up 16% in 2008 .....	4	Next issue of the Card Academy Bulletin will be on 20 <sup>th</sup>	9
By the 1 of January 2009 there are more than 16	5	February 2009. ....	9
thousand of ATMs installed by Sberbank, Russia. ....	5		
New initiatives in commercial prepaid cards .....	5		

## Latest news from Card Academy

### Your local Card Academy

Card Academy is an 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.

Through Card Academy we aim to bring a number of key partners together. This in order to bring a more cost-effective educational offer to employees within this sector and to extend the reach and effectiveness of resources spent on education in general.

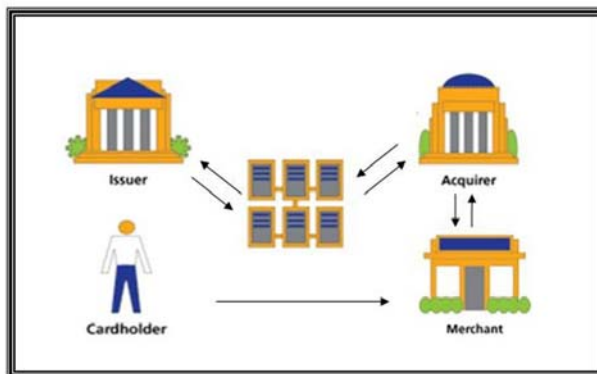
Card Academy is a service available next to your office, and the defined mission for our business is:

### Your local Card Academy

Yours sincerely,



Kurt Andersen, Card Academy



## The Nordic and Baltic States news

### **A personal card reveals the health of business people**

According to Europæiske Travel Insurance a Norwegian originated medicine card will save lives, when business people are travelling. Private persons will get the offer at a later stage.

A personal medicine card with the most essential information about the cardholder is now being a part of the offer to the business customers of Europæiske Travel Insurance.

World Medical Card is a strictly personal card with all relevant medical data which makes treatment abroad quicker and much easier. You carry the card in your wallet, and furthermore you can transfer the information to your mobile phone, encrypted and protected by a PIN-code, in order to let others know what to do if an accident happens and you are not able to communicate yourself. The card is a waterproof cardboard card in the size of a credit card and the seal can be broken easily.

You update your information yourself through the website - for instance blood type, diagnosis, resistance or allergic reactions and medications. You will receive a new card by mail.

Europæiske is the first insurance company in Denmark signing an agreement with World Medical Card. Initially the offer is addressed to corporate business travellers, but in future the offer will be made available also to private customers

"It doesn't take long for you, or your doctor, to prepare the card, which arrives by mail shortly after all data has been updated. You are able to avoid wrong medication and save crucial time by allowing the local doctor to get the same basic knowledge as the doctor at home has build up during a long life. Furthermore, the card contains contact information to the nearest family" tells Søren Ohlsen, who is country manager in Denmark for the Norwegian organisation.

The idea to the card arose in 1998. Today more that 600.000 people have the card in their pocket - of which 50.000 are from the Nordic region. (Source: WMC, February 2009)

### **Handelsbanken puts locks on cards**

Sweden's Handelsbanken is tackling the growth in fraud committed on cards abroad by putting locks on them which customers can disable with a click of a mouse when they leave the country.

Handelsbanken says that since introducing Chip and PIN, card fraud has almost been eliminated in Sweden. However, criminals are now using stolen cards in countries that have yet to implement the system.

"Over 95 percent of the crimes that affect our card customers are committed outside Sweden or online," says Carl Renström, head of card services, Handelsbanken.

The bank already allows customers to lock and unlock their cards for Internet purchases and is now extending the option to overseas transactions.

Rising fraud committed abroad has also hit UK cardholders since the introduction of Chip and PIN. According to payments association Apacs, losses from fraud committed overseas by criminals using stolen UK card details was up 77% - or £90.5 million - to £207.6 million in 2007. Apacs says fraud abroad now accounts for over one third - 39% - of total losses. (Source: Finextra, February 2009)

### **Danes world champions in using payment cards**

According to an international survey Danes used their payment cards more than their fellow world citizens in 2008. This illustrates that Danes prefer payment cards over cash.

According to a survey conducted by Lafferty Group, one of the world's largest research and consultancy companies in the financial sector, each Dane used each of his or her payment cards 166.3 times on average in 2008. Accordingly, the average number of card transactions in Denmark far exceeds the



global average of 27.8 transactions per card, making Danish consumers world champions when it comes to using payment cards.

"We have grown accustomed to being able to use the Dankort regardless of where in Denmark we are – and we often use the card for both small and large purchases. And the fact that an ever-increasing number of merchants now accept international cards simply helps to boost this trend," says Lars Fruergaard, CSO at PBS A/S.

In 2008, two of the three largest Danish supermarket chains chose to accept international cards, thus giving customers a wider choice of card payment options. Therefore, payment cards are frequently used instead of cash.

"The result of the survey confirms that Danes are now used to - and perhaps even prefer - cards over cash. Also, the reduction in the use of cash, including foreign currency, brings obvious advantages for merchants. This is why an increasing number of merchants choose to accept international payment cards," says Lars Fruergaard, CSO at PBS A/S.

Today, about 42,000 Danish merchants accept international payment cards while roughly 89,000 merchants accept the Dankort.

In 2008, the use of Danish-issued international cards increased significantly. Payments made with international debit cards (Visa Electron and Maestro) increased by 70% while credit card use increased by 41% during the same period. (Source: PBS, January 2009)

## **Eurasian Bank has launched VISA Infinite Eurasian Diamond Card**

Eurasian Bank and VISA announced the launching of the first exclusive card decorated by a brilliant and gold pattern - VISA Infinite Eurasian Diamond Card. The new cards are created on the platform of the luxury card VISA Infinite and their number will be limited, as they are designed for private VIP clients of the Bank with an annual income of US\$300,000 or above.

The philosophy of VISA Diamond card is based on the club principle. Unlike other products and services of the Bank, this card can't be bought. One can become the holder of the VISA Infinite Eurasian Diamond Card only by the recommendation of the Bank management or by recommendation of two other clients of Eurasian Bank, which use the same card. The period of card validity is 3 years. For the convenience of holder of VISA Infinite Eurasian Diamond Card an additional VISA Platinum and VISA Gold are issued. If the client wishes relatives can get the same cards.

The front side of VISA Infinite Eurasian Diamond Card is encrusted with a 0.02 carat diamond and laced with a gold pattern. At the moment this is the only VISA card of this type in world and the first card of Eurasian bank, design of which combines both diamond and gold artwork. This unique design became technically feasible thanks to the cooperation between Eurasian bank and VISA with the GK Power company, responsible for the production of plastic for the cards.

Still the most special feature of VISA Infinite Eurasian Diamond Card are the conditions and the uniqueness of offered services. Card holder is offered a credit limit from US\$100,000. Another beneficial condition is the lack of limits for the payment of purchases – the whole available balance on the account can be spent at once. Apart from that Eurasian Bank imposes no restrictions on cash withdrawal from the card (the only restriction for Visa – US\$ 99.999). Insurance coverage with the card is above US\$ 2 million, and each card holder gets a personal VIP bank manager. Clients can get full support on the services by calling the special VISA support line that works 24/7 without holidays. As well the client receives a private mobile phone number of the Bank Executive Director in Cards Business who is responsible for emergency support.

Clients are offered many other administrative services, like hotel and flight reservation and organizational, notarial services, translation services, and many other, all of which are supplied by two leading companies (international and local). As well VISA Infinite Diamond Card holder receives Priority Pass card that guarantees Access to more than 500 VIP waiting rooms. Additionally, VISA Infinite



Eurasian Diamond Card gives its holder the opportunity to participate in the program of exclusive VISA offers, like discounts in the first hotels, clubs, sport centres, best class restaurants, and SPA centres around the world. Moreover, all purchases are insured from loss or theft during 60 days from the purchase moment. (Source: *Rixtar*, January 2009)

## Europe & World Wide news

### **February launch for unique card offering by Société des Paiements PASS – the financial services' subsidiary of Carrefour**

MasterCard and global retail leader Carrefour have today announced the launch of the PASS MasterCard® card, the result of a partnership designed to offer French consumers the very latest in 'best-in-class' card payments. The new card will be rolled-out in France from February 11th 2009 by Carrefour's financial services' subsidiary, Société des Paiements PASS. Speaking on behalf of Carrefour, Gauthier Durand-Delbecque, General Manager Financial Services at Carrefour Group said:

"We are determined to develop and accelerate the evolution of our financial services activities in France to establish Société des Paiements PASS as a significant card issuer."

"We believe the PASS MasterCard card, an innovative card with improved consumer benefits, will help not only to build customer loyalty, but also attract and retain new cardholders to our network".

- *A card at the cutting-edge of technology* enabling cardholders choice in how they pay for their purchases; either immediately from their bank account or by credit thanks to the card's joint debit/credit functionality. As well as enabling the cardholder to choose their individual PIN number, the card is also one of the first in France to offer the MasterCard® PayPass™ technology. As of 3Q2008, already available on nearly 44 million cards and devices across the world and as a safe, speedier and easier way to pay, cardholders simply Tap & Go for purchases up to 25 Euros.

- *A customizable card* which extends guarantees up to five years for electrical-product purchases such as televisions and washing machines with an additional benefit of an enhanced insurance package designed by the cardholder via an exclusive webportal provided for and operated by MasterCard.

- *A loyalty card* which enhances the existing Carrefour and PASS advantages such as the doubling of some discount benefits for cardholders making at least one monthly purchase in a non-Carrefour group merchant. (Source: *MasterCard*, January 2009)

### **UK fraud up 16% in 2008**

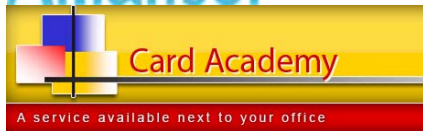
Fraud in the UK jumped nearly 16% in 2008, with 214,342 cases identified throughout the year as recession-hit Brits turned to crime "to make ends meet", according to Cifas.

The fraud prevention service says the rise is partly attributable to a massive 207% jump in facility takeover fraud - where a third party accesses an account, usually through phishing, telephone scams or the interception of cards and statements. The number of accounts taken over rose from 6272 in 2007 to 19,275 last year.

Misuse of account fraud - where criminals fraudulently use an existing account, policy or other facility - also rose steeply, up 69% from 23,400 to 39,447. Cifas says bank account products are the most commonly misused, with criminals paying in false or altered cheques or fraudulently obtaining benefits.

The number of victims of impersonation for the purpose of identity fraud fell 3.7% to 62,658. However, there was an overall increase of 5.7% for successful ID fraud to 34,011.

Explaining this contradiction, Cifas says the scarcity of credit being offered means fraudsters are attempting to create creditworthy fake identities rather than impersonating genuine people who may still have applications rejected by lenders.



*Whilst Alliansor Card Academy has used reasonable efforts to obtain information from sources which it believes to be reliable it does not make any representations or give any warranties or guarantees that the information provided or any opinions expressed herein are accurate, reliable or complete and none should be relied upon as statements of fact. In no event, including (without limitation) negligence, and in no circumstances will Alliansor Card Academy be liable for any loss or damage of any kind whatsoever, including (without limitation) any direct, special indirect or consequential damages, caused by the use of or reliance upon information provided or opinions*

Peter Hurst, chief executive, Cifas, says: "With Britain now in recession, a significant rise in fraud is inevitable, as people turn to crime to make ends meet. These figures are just the beginning. They also show very clearly that fraudsters adapt their methods in response to changes in the financial markets."

*(Source: Finextra, January 2009)*

## **By the 1 of January 2009 there are more than 16 thousand of ATMs installed by Sberbank, Russia.**

The number of public ATMs of Sberbank that accept plastic cards by the 1 January comprises 16 360 machines, whereas in the beginning of the 2008 year the number was 11 912.

According to the Bank's data, in Moscow there are 1 147 working machines of the credit organisation, in St Petersburg – 811 machines, and in Moscow region – 778 machines. From all the ATMs owned by the credit organization, 8 540 machines work 24 hours, 7 days a week, 2 516 machines accepting cash and 103 have an installed module for currency exchange.

Cards of Visa, Visa Electron, Visa Plus, MasterCard, Maestro, Cirrus are accepted by 16 315 ATMs, Sberbank cards – by 15 786 ATMs, American Express cards – by 16 272. *(Source: Rixtar SIA, January 2009)*

## **New initiatives in commercial prepaid cards**

PEX Card adds new functionality for employers - Prepaid Expense Card Solutions has rolled out the latest newest release of its administrative interface. The company is the provider of the PEX Visa Prepaid card (issued by The Bancorp Bank) and the new release improves the functionality of these cards. Specifically, organizations can now automate funding to employees for per diems, cash allowances, and cash advances. The latest release of the user interface includes the ability to automatically replenish a cardholder account when the balance falls below a pre-set minimum. The PEX Card also allows companies to set merchant category restrictions and daily spending limits. The announcement is another example of the incremental improvements that are being made in the prepaid space, particularly those designed for business use. *(Source: Commercial Payments International, January 2009)*

## **iPhone apps turn handsets into credit card terminals**

The Apple iPhone is set to become a free-standing credit card processing terminal thanks to the emergence of a new wave of applications that make use of Internet payment gateways to process payment transactions.

In the US, Credit Card Terminal, a software widget available through the iPhone AppStore for \$49.99, is soon to be joined by a competing application called ProcessAway, which will retail for \$19.99.

Both apps rely on the Authorize.net payment gateway in the US to authorise cards presented over the iPhone and iTouch handsets. Transactions can be processed via a wifi connection at places such as conventions, street fairs, antique shows, and by business owners performing mobile detailing, on-site consultation or construction.

Merchants need to set up an account with Authorize.net, which charges \$27.50 per month and takes a \$0.35 flat fee per transaction. The card companies also take a percentage (between 2.19 and 3.3%), depending on which card is in use.

Credit Card Terminal is supplied by Seattle-based start-up Innerfence which was set up by two former Microsoft staffers. ProcessAway has been developed by Randy Palermo of Rapadev and was submitted to Apple for review on Monday.

In Australia, meanwhile, iCharge for iPhone from Xilo went live on the AppStore in August. The company is currently looking for international partners to take the app into new territories. *(Source: Finextra, January 2009)*



## Scheme news

### **American Express acquires EMVCo stake**

American Express has joined MasterCard, Visa and JCB as an owner-member of EMVCo, the standards body set up to manage and maintain the global EMV specifications.

EMVCo was formed in February 1999 by Europay, MasterCard and Visa to manage and maintain EMV standards to ensure interoperability and acceptance of chip-based payment applications on a global basis.

Europay was merged with MasterCard in 2002, with its stake in EMVCo divided between the other two. JCB joined in 2004, buying a one-third stake.

Amex has now acquired a one-fourth share from the holdings of the other three and gains representation on the organisation's executive committee and board of managers.

It will also have equal participation in working groups, which cover a range of issues, including security and contactless and mobile payments.

Susan Hillel, SVP, global network operations, American Express, says: "We are committed to driving interoperability in payments and know that our participation in EMVCo will facilitate this for our merchant, issuer and cardmember customers. Involvement by the four major payment organisations will drive secure and interoperable payments globally for transactions made with chip cards by aligning and progressing EMV Specifications." (Source: *Finextra*, February 2009)

### **Visa Europe to invest EUR 10 million to equip retailers with payWave terminals**

Visa Europe will spend around EUR 10 million in 2009 to equip retailers with appropriate reading terminals which can accept payments made via Visa payWave contactless cards, reports Euroactiv.com citing the CEO of Visa Europe Peter Ayliffe.

The majority of readers are being distributed in the UK, followed by Italy and Turkey, France, Germany, Poland, Spain and Switzerland. 2009 will be the year of contactless payments, touted Ayliffe, estimating that the Visa payWave contactless cards numbers in Europe will increase from the current 500,000 to seven million by the end of the year. At the same time, Visa's rival MasterCard has made similar plans in Europe. MasterCard has recently teamed up with global retailer Carrefour to launch the Pass MasterCard contactless card in February across France. The card uses the MasterCard PayPass contactless technology and comes with both credit card and debit card features. At the end of Q3 2008, there were almost 44 million MasterCard PayPass cards and devices in the world. (Source: *The Paypers*, February 2009)

### **JCB selects RSA FraudAction to protect online customers**

Japanese card issuer JCB has signed for US security vendor RSA's fraud protection service in a bid to shield customers from online fraud and phishing attacks.

The RSA FraudAction service uses a team of analysts to detect and control phishing attempts. The system will be used by JCB to protect its 60 million cardholders when they view statements and make credit application online.

Osamu Yamano, president, RSA Japan, says the country suffers from high levels of cybercriminal activity, with fraudsters setting up fake Web sites and sending phishing e-mails to trick customers into handing over sensitive information.

Masahiro Ogushi, SVP, media and channel management department, JCB, says: "We believe having the innovative RSA FraudAction service working on our behalf to find and shut down fraudulent activity targeting our business online is an essential measure of security." (Source: *Finextra*, January 2009)



## **Double digit growth in spend on Visa cards in Europe in 2008**

Visa Europe, Europe's leading payment system, announced that spending on its cards at point of sale had increased by 10.3% during financial year 2008.

Speaking in Brussels, Peter Ayliffe, Visa Europe Chief Executive, said: "The continued success of Visa Europe in these difficult economic conditions demonstrates the quality of the service we offer to banks, retailers, businesses and consumers in Europe.

"The use of Visa debit cards at point of sale is up by almost 11% in Europe, and over 70% of spend is now on debit, proving that we're actively displacing cash and cheques at tills. When consumers are managing their money, they have recognised that debit is the safer and more convenient alternative to cash," commented Ayliffe.

Innovation was highlighted as a key factor in the European company's continued success and growth. E-commerce numbers showed a significant increase with online transactions during December's Christmas shopping up 24% on last year. Innovations such as the Visa one time code card, Visa prepaid, Visa payWave contactless cards and mobile payment technology also demonstrated the company's commitment to investing in the European payments industry, and provide consumers with more convenient and safer ways to pay. Over the last three years we invested on average €87 million every year on research and development of new products and technology.

One of the most significant investments in recent years has been the European built and run processing platform. The most technically advanced card processing system in Europe, as well as the cheapest and fastest, saw a 13% increase in transactions, totalling 6.4 billion, processed by Visa Europe in 2008.

"The sophistication of our European processing platform can be seen by the ease with which it dealt with the busiest shopping day before Christmas, when it was processing 731 transactions every second, with a total of 24.5 million in that one day to a value of €1.4 billion," said Ayliffe.

Concluding, Ayliffe said, "It's 10 years since the introduction of the Euro, and one year since SEPA started with the aim of providing a consistent consumer experience with all payment means, including cards. Visa Europe remains committed to the goal of SEPA that provides such an excellent opportunity for Europe to displace cash and move to more efficient means of payment." (Source: Visa Europe, January 2009)

## **American Express announced its financial results for the fourth quarter of 2008.**

American Express Company reported fourth-quarter income from continuing operations of \$238 million, down 72 percent from \$858 million a year ago. Diluted earnings per share from continuing operations were \$0.21, down 71 percent from \$0.73 a year ago.

Net income totaled \$172 million for the quarter, down 79 percent from a year ago. On a per-share basis, net income was \$0.15, down 79 percent from \$0.71 a year ago.

Consolidated total revenues net of interest expense declined 11 percent to \$6.5 billion, down from \$7.3 billion a year ago.

The company's return on average equity (ROE) was 21.7 percent, down from 37.3 percent a year ago.

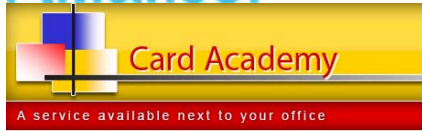
"Our fourth quarter results reflect an operating environment that was among the harshest we have seen in decades," said Kenneth I. Chenault, chairman and chief executive officer. "Nevertheless, we met our near term goals – staying liquid, staying profitable, and investing selectively to strengthen our competitive position over the longer term."

"We remained profitable in the quarter and generated \$2.8 billion in earnings for the full year 2008. We exceeded all of our funding requirements, in part by raising \$6.2 billion through a new retail certificate of deposit program.

"We also continued to invest in the business, announcing a multiyear partnership with Delta Airlines this quarter, expanding our global network business and successfully integrating the corporate card business we purchased from General Electric.

"While our business volumes compared favorably with other major competitors, overall cardmember





*Whilst Alliansor Card Academy has used reasonable efforts to obtain information from sources which it believes to be reliable it does not make any representations or give any warranties or guarantees that the information provided or any opinions expressed herein are accurate, reliable or complete and none should be relied upon as statements of fact. In no event, including (without limitation) negligence, and in no circumstances will Alliansor Card Academy be liable for any loss or damage of any kind whatsoever, including (without limitation) any direct, special indirect or consequential damages, caused by the use of or reliance upon information provided or opinions*

spending declined 10 percent year-over-year, or 5 percent adjusting for foreign exchange rates. As anticipated, loan delinquencies and write-offs rose. These trends, together with the restructuring charge, had a significant impact on our bottom line.

“In January, we further bolstered our capital position with a \$3.4 billion investment from the U.S. Treasury Capital Purchase Program. These additional funds will enhance our ability to continue extending loans to credit-worthy consumers and small business owners.

*(Source: American Express, January 2009)*



Whilst Alliansor Card Academy has used reasonable efforts to obtain information from sources which it believes to be reliable it does not make any representations or give any warranties or guarantees that the information provided or any opinions expressed herein are accurate, reliable or complete and none should be relied upon as statements of fact. In no event, including (without limitation) negligence, and in no circumstances will Alliansor Card Academy be liable for any loss or damage of any kind whatsoever, including (without limitation) any direct, special indirect or consequential damages, caused by the use of or reliance upon information provided or opinions

## 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.

### **Kurt Andersen**

Head of Card Academy  
Phone: +46 (0) 766 329444  
Mail: [kurt.andersen@alliansor.se](mailto:kurt.andersen@alliansor.se)

### **Kenneth Bergström**

Head of Sales, Alliansor Caps AB  
Phone: +46 (0) 739 887766  
Mail: [kenneth.bergstrom@alliansor.se](mailto:kenneth.bergstrom@alliansor.se)

### Partner organisations

Dedicon Oy, Finland  
**Petri Ahti**  
Managing Director, Dedicon  
Phone: +358 400 867033  
Mail: [petri.ahti@dedicon.fi](mailto:petri.ahti@dedicon.fi)

RIXTAR, Riga Latvia  
**Ivo Almanis**  
Board Member of RIXTAR  
Phone: +371 67 888 723  
Mail: [ivo.almanis@rixtar.com](mailto:ivo.almanis@rixtar.com)



**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 20<sup>th</sup> February 2009.**