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Latest news from Card Academy

Baltic Sea Card Conference 2009

It is with great pleasure that we now announce the launch of the

Baltic Sea Card Conference
on Tuesday 6th & Wednesday 7th October 2009

This conference is a new service to all employees within Banking and Retail business in the Nordics & Baltic Sea countries.

The Conference will alternate between Riga, Latvia and Stockholm, Sweden. This year's conference is to be held in Stockholm City, Sweden.

✉ **E-mail contact:**

Send your contact details on Information@BalticSea-CardConference.com to ensure that you are updated on the Conference Program.



You also have the opportunity to network with those interested in this Conference on LinkedIn – please register for the Baltic Sea - Card Conference group on <http://www.linkedin.com/groups?gid=1828269>

Please visit www.BalticSea-CardConference.com for further information.

Yours sincerely,



Kurt Andersen, Card Academy



The Nordic and Baltic States news

Finnish cross-border online purchases double -Itella survey

Itella, formerly known as Finland Post, on Tuesday quoted a survey as indicating that the number of orders Finnish residents had placed with foreign internet vendors had doubled last year from the 2007 figure.

According to the survey, up to 25 per cent of the goods purchased online last year were bought from internet shops based outside Finland.

"The increase in international web shopping has been known for a long time but the doubling of it in one year came as a surprise," said in a statement Kirsi Paakkari, the head of e-commerce at Itella.

"Buying goods from abroad has become commonplace for Finns. People purchasing goods from foreign web shops are not much different from other web shoppers, so the increase of international web shopping poses a huge challenge for Finnish web sellers."

The survey indicated further that 53 per cent of the Finnish public had purchased goods on the internet, with about a third qualifying as "heavy users" who do more than a third of their goods purchasing online.

Itella and market research company Otantatutkimus interviewed about 1,500 adults in November and December last year. (Source: *Virtual Finland, March 2009*)

Paynova's e-payment service commercially launched on Chinese market with Gamersgate

Paynova is opening up the Chinese on-line market for Western merchants through a secure, first-of-its-kind payment service. The Swedish computer game distributor, Gamersgate, was first to use the payment solution when it opened its on-line shop for game sales in China.

Paynova began establishing its business on the expanding Asian markets in April 2008, through a payment solutions partnership with Beijing Cyber Recreation District (CRD). The collaboration has developed according to plan, and the first step was the establishment of BaiNuoFu, a wholly owned subsidiary in China. As a consequence of the development of the payment services, Paynova and CRD have initiated several collaborations with other Chinese partners, including China Everbright Bank, China UnionPay, ChinaPay and Lexiun.

The first operational payment service which will be used by Gamersgate will enable Western merchants to sell their products online on the Chinese market in Chinese RMB and receive payment in US dollars, Euros or Pounds. The payment service is among the first of its kind on a global basis.

"We have been successfully selling our products online to consumers in Europe and Americas using Paynova. We added their Chinese payment service to reach the millions of premium Chinese online consumers - a minimum of investment with great, rapid returns.

The market is huge," says Theodore Bergquist, CEO of Gamersgate

Summary of the payment solution:

- Covers 940 million debit and credit cards
- Covers all Chinese Internet banks and 97% of all on-line payments
- Has a Chinese and English interface adapted to cross border e-commerce
- Users pay in RMB and vendors receive payment in EUR, USD or GBP
- "Charge back" fraud is effectively minimised with Paynova's service

Traditionally, the Chinese on-line market has been extremely difficult for Western e-traders to access, due to the lack of any operable payment solution. In ninety-nine out of a hundred on-line purchases, Chinese people do not use credit cards - they pay on-line, using either their Internet bank or their debit



card. At the same time, the on-line market has completely exploded in size during the past years, and China has more Internet users than the US today – even if overall e-commerce volumes are lower. "We have already noted a significant interest for our Chinese payment service with our clients. There is a great demand to reach out to the Chinese online market, with all its opportunities, especially for Western merchants. Our service for Western merchants is particularly important because it reaches a tremendous number of consumers, minimizes fraud and offers a solution to the currency conversion problem," says Karl Alberts. (Source: Paynova, March 2009)

Europe & World Wide news

US Bank Introduces Cash Rewards Business Card

US Bank says that "businesses that are looking for ways to add to their bottom lines now have a new way to save and earn rewards while managing expenses with the U.S. Bank Cash Rewards Business Platinum Card. Cardholders can enjoy savings on the business purchases they make most, earning three percent cash back on cellular, gas and office supply purchases and one percent cash back on all other purchases."

Unlike most other business reward card programs, the U.S. Bank Cash Rewards Business Platinum Card has no annual fee, rewards never expire, and there is no limit to the cash rewards earned. Plus, cardholders earn an additional 25 percent annual bonus based on their prior year's cash rewards total. New cardholders can also maximize their savings with a zero percent introductory APR.

In addition, businesses can accelerate their annual bonuses by expanding their banking relationships with a U.S. Bank Five Star Business Package. The package allows business customers to enjoy special savings on a suite of U.S. Bank checking, savings and credit products tailored specifically for their needs.

"We are proud to serve our business customers and have long believed in rewarding customers for their business. The U.S. Bank Cash Rewards Business Platinum Credit Card is an exciting addition to our robust portfolio of credit card reward programs," said Lynn Heitman, senior vice president in U.S. Bank Retail Payment Solutions. "Small business owners have unlimited potential to save on card purchases with a unique program structure that offers the ultimate in convenience and flexibility."

Businesses interested in learning more about the U.S. Bank Cash Rewards Business Platinum Card or any of the payment services that U.S. Bank offers can visit any U.S. Bank branch or www.usbank.com for more information. (Source: Payments News, March 2009)

Dutch supermarket fingerprint payments plan shelved

Dutch supermarket chain Albert Heijn has shelved plans to use fingerprint scanning technology as an alternative to card and cash payments at the check-out after a six month trial failed to dispel security concerns.

The supermarket teamed with European payments processor Equens on the six month pilot at a branch in the town of Breukelen, near Amsterdam last year.

Around 580 shoppers participating in the service - called Tip2Pay - were able pay for purchases by placing their fingertips on a reader at the point-of-sale.

The trial - the first of its kind in the Netherlands - was originally intended to test customer reaction ahead of a wider roll out of the technology.

But a supermarket spokesperson told the ANP news service that it will not follow up the pilot in the short term because of fraud concerns. In the first weeks of the trial a security expert managed to pay using someone else's fingerprint.



In March 2006 the UK's Co-operative Supermarket trialed fingerprint authentication technology from California's Pay by Touch, which has since moved out of the market after its parent company filed for bankruptcy protection in March last year. (Source: *Finextra, March 2009*)

New guidelines for mobile financial services

The CTIA has published Best Practices and Guidelines for Mobile Financial Services (MFS), reflecting the growing use of such services and the security issues which arise as a result. The aim of the guidelines is to establish an environment where MFS transactions are authorized, secure, and compliant with applicable laws and industry guidelines, as well as to protect user privacy and financial data.

Areas covered by the guidelines include data security, consent, disclosure and account information access. (CTIA is the international association for the wireless telecommunications industry and it represents the interests of carriers, manufacturers and wireless Internet providers.). These guidelines will also likely be applied to business use of mobile payments as this continues to increase. (Source: *Commercial Payments International, March 2009*)

Barclaycard and Orange team on contactless m-payments

Barclaycard and wireless operator Orange have formed a strategic alliance that will see them push through the development and adoption of contactless mobile payments services.

NFC-based contactless mobile payments allow customers to purchase items of £10 and under at the point of sale by waving their handsets over specially equipped terminals.

Barclaycard and Orange will work together on rolling out the technology, which they call "the biggest revolution in payments since plastic cards were introduced over 40 years ago".

They say they will also look to expand the partnership to include other contactless services within ticketing, transport and rewards. MasterCard will provide the payment capabilities for the transactions.

Tom Alexander, CEO, Orange UK, says: "Today you pay for things by cash or on your credit card. Tomorrow, you'll use your mobile to buy the things you want, whether that's on the high street or the Internet."

Antony Jenkins, CEO, Barclaycard, adds: "There has been a lot of talk about mobile payments and now it's going to become a reality for our customers because of Barclaycard's commitment to contactless technology and the coming together of two dynamic and imaginative organisations."

As well as contactless payments, the partners say they will also team on mobile alerts, servicing capabilities and banking applications.

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.

This month Barclays began issuing contactless debit cards as standard and says it expects more than three million customers to be using the technology by the end of the year.

But the firm has been looking beyond cards for some time, with CEO Jenkins predicting in September that mobile phones could make them obsolete. (Source: *Finextra, March 2009*)

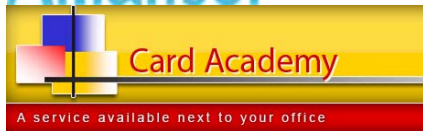
Tesco Personal Finance creates 200 jobs at new Edinburgh HQ

UK supermarket Tesco is set to create 200 new banking jobs at a new Edinburgh headquarters for its financial services business.

The supermarket - which bought out the Royal Bank of Scotland to take complete control of Tesco Personal Finance in December - has signed a 15 year lease on the new headquarters in the Haymarket area of Edinburgh.

Around 250 members of staff will relocate from existing premises in South Gyle, on the city's outskirts, in the second quarter, with a further 200 new recruits set to join them over the next 12 months.





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Benny Higgins, chief executive, Tesco Personal Finance, says: "Tesco has made an important step by committing to expanding its financial services business from Scotland. Edinburgh is the ideal place from which to move what is already a successful business into the next stage of its development."

The Scottish Financial Enterprise welcomed the decision to locate the HQ in the city, calling it a "real boost".

The recruitment drive is part of Tesco's plan to extend its financial services business from "collection of successful financial products to that of a full service retail bank".

This week the unit revealed it has almost doubled the amount of money people deposit with it during the past six months and now has around 500,000 savers. (Source: *Finextra*, March 2009)

Preferred Health Technology, Visa Team for Medical Payments

Preferred Health Technology and Visa have announced an alliance making Visa the preferred payment brand for PHT's A-Claim medical payment solution for physicians, hospitals and other health care providers. The A-Claim system enables health care providers to simply and securely verify insurance eligibility, adjudicate claims, and accept credit, debit or prepaid cards for payment at the time of service, or at a later date once the amount of the patient's responsibility has been determined by his insurer.

By making a payment arrangement before the patient leaves the hospital or doctor's office, providers can increase the efficiency of their billing process and improve overall collections and cash flow. The system offers patients additional payment choices and allows them to authorize future payment of outstanding bills, reducing the need to write and mail checks, and helping them better manage medical expenses.

A key component of A-Claim's system is Visa's AuthorizeFirst payment process, which allows patients and providers to agree to pre-authorize a payment with a Visa card at the time of service, based on an estimated amount of the patient's responsibility. Once the claim has been processed and final patient responsibility determined, the patient's payment card is billed automatically through A-Claim for the amount the patient owes.

A-Claim also allows the provider and patient to set up a payment plan at the time of service, establishing an automated collection of patient responsibility on a pre-agreed payment schedule.

"The business of health care is becoming increasingly complex. Today, providers need solutions to speed their accounts receivable collection, reduce administrative costs, and improve their cash flow management," said Mary Dees Griffith, president and COO of PHT.

"We believe the functionality of A-Claim and PHT's alliance with Visa will create greater efficiencies and cost savings for many providers, and increased convenience for their patients. The reach, reliability, security and flexibility of Visa's transaction-processing platform, coupled with the breadth and popularity of Visa's payment products, were key factors in our decision to choose Visa as the preferred payment brand for A-Claim."

With the shift from managed care programs to consumer-directed health care and high-deductible health plans, more patients are becoming responsible for paying a larger portion of their overall health care costs. With rising co-payment and deductible amounts, health care providers are faced with the challenge of collecting all -- or a higher percentage of -- patients' receivables after the patient has left the provider's office. (Source: *Payments News*, March 2009)

Contactless m-commerce fails to take off

The development of contactless mobile payments has failed to live up to expectations and the technology will account for just a fraction of the value of commerce transacted over cell phones this year, according to data from ABI Research.

The firm says the value of mobile commerce transacted via non-NFC methods - SMS, Internet and applications - will total \$1.6 billion in 2009. In contrast contactless mobile commerce will be "minimal".

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Dan Shey, practice director, ABI Research, says: "NFC is the 'holy grail' that provides the easiest user experience. Other methods require more work and expertise from the consumer."

Yet, despite the benefits of contactless, the development of the NFC market has not met early expectations, a failure, says Shey, not of technology but of unclear business models.

Non-NFC platforms are filling this gap, with mobile Internet shopping seeing the largest slice of the m-commerce pie, with sites like Amazon and eBay attracting increasing numbers of subscribers.

ABI says demand for mobile commerce services is growing although drivers differ around the world. Consumers in industrialised countries are becoming comfortable with using their mobile phones for more than just traditional communications whilst in the developing world, the services open up financial services to millions of unbanked people.

NFC technology got a boost earlier this week with the news that Barclaycard and wireless operator Orange are forming a strategic alliance that will see them push through the development and adoption of contactless mobile payments services. (Source: *Finextra*, March 2009)

Scheme news

Visa pulls Heartland and RBS WorldPay from PCI DSS compliance list

In the wake of revelations about major data breaches, Heartland Payments Systems and RBS WorldPay have been removed from Visa's list of Payment Card Industry Data Security Standard (PCI DSS) compliant service providers.

Heartland revealed in January that malicious software in its processing system had been found, potentially compromising the card data of millions of people.

RBS WorldPay had its computer system improperly accessed in November, with the personal information of 1.5 million pre-paid cardholders compromised. The data is believed to have been used in a global ATM heist that netted crooks around \$9 million.

PCI DSS is a set of requirements developed by American Express, Discover, JCB, MasterCard and Visa in a bid to improve payment account data security. Service providers are required to submit to an annual on-site assessment in order to be validated.

Visa has now removed both firms from its list of PCI DSS compliant providers but says they are "actively working on revalidation" using a qualified security assessor. Heartland and RBS say they hope to be recertified within months.

Gartner analyst Avivah Litan told UK techwire the Register that merchants aren't allowed to do business with non-compliant processors, putting Heartland and RBS WorldPay customers in a difficult position.

The fact that Heartland and RBS WorldPay were on Visa's list of PCI DSS compliant service providers when they were breached has also raised questions over the effectiveness of the system, with firms only needing to be in line with the rules at the time of their assessment. (Source: *Finextra*, March 2009)

Counting cards at American Express

In a strange turn of events, American Express is trying to run off some of the customers it went out of its way to attract earlier this decade.

The credit card company was a major beneficiary of the economic boom earlier this decade. AmEx (AXP, Fortune 500) card use grew at a remarkable 15% annually on average between 2002 and 2007, as American Express spent heavily to attract new users and customers of all stripes purchased more. Peers such as Discover (DFS) struggled to grow half as fast.

But with the global economic bust well into its second year and more borrowers slipping behind on their payments, AmEx's rapid growth is being viewed in a less flattering light. Shares recently hit a 14-year



low, prompting billionaire investor Warren Buffett -- whose Berkshire Hathaway (BRKA, Fortune 500) owns 13% of the New York-based company -- to pronounce the stock "a hell of a buy at \$10."

"American Express is going to be around forever," Buffett said in an interview with CNBC Monday.

"They've got the cream of cardholders. Unfortunately, they have some cardholders that aren't the cream, too."

It's the latter group that's getting the lion's share of the attention lately. AmEx last month offered to pay a small number of cardholders \$300 each to pay off their account balances and close the accounts by the end of April.

Analysts say the company, confronting soaring default rates on its cards, is trying to limit the damage to its own finances while cutting ahead of rivals in line to be paid back. The default rate on AmEx cards soared to 8.3% in January from 4.7% a year earlier, according to data from the trust that handles the company's consumer lending receivables.

American Express "appears to be going to great length to reduce its exposure to the unfolding consumer credit downturn," wrote Bank of America analyst Kenneth Bruce in a report last month. He added that the company is probably targeting "cardholders with sizable outstanding balances and a higher risk of default."

AmEx hasn't revealed details of the offer and didn't respond to requests for comment. But it is an unusual move for a company that has spent years burnishing its image as the credit card issuer of the jet set.

"A company like American Express that has built its reputation on premium service, concierges and exclusive art event invitations now appears to be penny pinching when times are tough," said Leslie Gaines-Ross, chief reputation strategist at public relations firm Weber Shandwick in New York.

Further complicating matters is American Express' decision to take \$3.4 billion in federal assistance in January under the Treasury's Troubled Asset Relief Program, or TARP.

Companies receiving TARP funding don't have to promise to increase lending. But with the bill for the government's economic stimulus and financial stability plans running into the trillions of dollars, there has been talk in Washington of explicitly linking new federal aid to the flow of funds from banks to consumers and businesses.

Meanwhile, American Express was pulling back even before the bottom fell out of the economy last fall.

"As we had expected, late payments and write-offs in our charge card and lending portfolios increased throughout the year," said AmEx CEO Ken Chenault in his 2008 letter to shareholders. "We took steps to manage the increased risk, such as selectively reducing lines of credit." (Source: *Fortune*, New York, March 2009)



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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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