

## ISSUE # 29, 2009

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## Latest news from Card Academy

### Card Academy modules

Examples of Card Academy modules:

- Introduction to International Cards
- Card Products (Debit/Credit/Commercial)
- Play the Cards (interactive session)
- Acquiring
- Issuing
- Private Label Cards
- Loyalty Cards
- EMV/Chip
- PCI/DSS Compliance
- Chargeback
- Processing
- Interchange
- Marketing
- Country Profiles (workshops)

and much more...

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

### **Baltic Sea Card Conference 2009**

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

**Baltic Sea Card Conference**  
**on Tuesday 6<sup>th</sup> & Wednesday 7<sup>th</sup> October 2009 in Stockholm, Sweden**

**E-mail contact:**

Send your contact details on [Information@BalticSea-CardConference.com](mailto: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](http://www.BalticSea-CardConference.com) for further information.

## Europe & World Wide news

### **BoA, MasterCard, Visa sued over e-commerce payments patents**

Actus, a recently formed US holding company, is suing 20 companies, including Bank of America, MasterCard, Obopay and Visa, accusing them of infringing four patents related to an electronic payments system for e-commerce.

Actus, a holding firm based in Texas, filed a suit against the companies in the US District Court for the Eastern District of Texas last week.

The other defendants are Blaze Mobile, Capital One, Enable Holdings, Google, Green Dot, Javien Digital Payments Solutions, JP Morgan Chase, Meta Financial Group, M&T Bank, Sonic Solutions, Vivendi Universal, Walt Disney, Western Union, WildTangent, AgileCo and Wal-Mart.

The patents in question relate to "methods and apparatus for conducting electronic commerce using electronic tokens", where digital currency is used by customers for online payments.

According to the abstracts for the patents: "The electronic tokens are issued and maintained by a vendor, who also provides products and services that can be purchased or rented using the electronic tokens. The electronic tokens may be purchased from the vendor either on-line, using a credit card, or off-line, using a check, money order, purchase order, or other payment means."

The patent applications were originally filed by a company called PayByClick, with Marvin T Ling listed as the inventor.

According to legal newswire Law360, gift cards offered by Bank of America, JP Morgan, Visa, and others, are among the products accused of infringing the patents. Google's Checkout service is also named.

Actus is seeking a permanent injunction against further infringement and unspecified damages. The suit also seeks treble damages because Actus says the patents were infringed wilfully.



(Source: Finextra, April 2009)

## **UK ID cards may get chip and PIN**

The UK government is considering adding chip and PIN technology to its controversial new ID cards in a bid to combat identity fraud.

Identity and Passport Service chief executive James Hall told the BBC there would be no technical problems in adding the payments technology to the cards.

Adding chips would mean the cards could be used at ATMs in the future and also help holders to "assert their identities" online to tackle ID fraud.

Hall says the agency is talking to the financial services industry about the addition of chip and PIN to the cards. If a "compelling view of the rationale" for the technology is found, it will be taken "extremely seriously".

Meanwhile, the Home office has awarded CSC a £385 million contract to provide application systems for the cards as well as biometric passports, with IBM given a £265 million deal to build a biometric database.

The home office began issuing biometric ID cards to people from outside the European Economic Area in November. They contain fingerprints, name, date of birth, nationality and the person's right to be in the UK.

They will be offered to 'young people' on a voluntary basis from 2010 and the entire UK population from 2012.

The government says the cards will help combat crime, terrorism and illegal immigration but opposition parties have slammed the scheme as a waste of money and an attack on civil liberties.

(Source: Finextra, April 2009)

## **London card cloning gang accused of stealing £3.5m**

A gang of five fraudsters who ran a global credit card cloning ring out of a London flat stole £3.5 million in just a few days, a court heard yesterday.

Prosecutor Ben Fitzgerald told Southwark crown court that police found fake cards and counterfeiting technology in the London flat.

The accused allegedly went on a spree between 28 September and 8 October last year as Barclaycard migrated cardholders from the Goldfish credit card business it acquired from Discover Financial Services earlier in the year.

Computer software found in the flat was used to make fake cards before the gang stole £3.5 million, with £645,000 spent on the cards in Britain alone, the court heard.

Khi-San Voong, 46, Qiu Yeu, 46, Qiang Xue, 34, and Dauy Chung, 40, all of Walworth, deny conspiracy to defraud. Cai Caixa, 27, pleaded guilty.

The trial continues.

(Source: Finextra, April 2009)

## **U.S. Bank Issues 30 Millionth Gift Card**

U.S. Bank recently issued its 30 millionth gift card - saying it remains "the top Visa gift card issuer and a leader in prepaid cards across the United States."

"As a national leader and innovator in prepaid cards, this is an exciting milestone for U.S. Bank," said Ralph Bianco, senior vice president and head of U.S. Bank's prepaid cards program. "It shows that gift cards continue to be very popular with consumers for safe and convenient gift giving in lieu of cash or checks."

There are several major spikes in gift card sales that tend to come in spring and summer around graduation and Father's Day ("dads and grads"), and around the December holiday season. Customers can purchase U.S. Bank Visa Gift Cards at any branch location, or online at [www.usbank.com](http://www.usbank.com). U.S. Bank issued gift cards are also available at many of the nation's leading malls.

U.S. Bank is the nation's number one issuer of Visa prepaid cards. The company provides prepaid solutions for teens with the U.S. Bank Visa Buxx(R) Card, for travelers with the U.S. Bank Visa TravelMoney(R) Card, for gift-givers with the U.S. Bank Visa Gift Card, and for businesses and government with the U.S. Bank AccelaPay(R) Visa Card and the U.S. Bank ReliaCard(R) Visa. Funds are easy to access while safely stored in a card account.

For more information, visit <http://www.usbank.com/prepaid>.

*(Source: PaymentsNews, April 2009)*

## ***New Data on Prepaid Card Usage and Underbanked Consumers***

The Network Branded Prepaid Card Association (NBPCA) and the Center for Financial Services Innovation have partnered to release what they are calling "the first large, in-depth survey of underbanked consumers currently using reloadable prepaid cards. It found that 96 percent of users said the cards were useful and 94 percent would recommend a reloadable prepaid card to someone else."

Underbanked consumers use cash, money orders and a mix of check cashing, payday loans and other non-traditional arrangements to manage their finances on a day-to-day basis. In the survey, these consumers cited a wide range of benefits as reasons for the high satisfaction rates with reloadable prepaid cards:

- Protection of funds if the card is lost or stolen (84 percent)
- Security because of the ability to carry less cash (77 percent)
- Budget control because of the ability to spend only the amount that is on the card (76 percent)
- Value versus alternatives such as check cashing locations, money orders or credit cards (72 percent)
- Straightforward pricing (81 percent)
- The ability to gain the social (80 percent) and practical (83 percent) benefits of utilizing plastic

The NBPCA-CFSI underbanked reloadable prepaid card survey collected data on the following:

- General satisfaction levels with reloadable prepaid cards
- Usage and frequency of use
- Rankings of benefits and features
- Where and how underbanked consumers become aware of reloadable prepaid debit cards, buy them and reload them
- Understanding and satisfaction levels with respect to pricing and terms and conditions
- Satisfaction with banks and credit cards versus reloadable prepaid cards
- Transcripts of online chats with 40 survey respondents - comprehensive responses about why they chose to purchase a reloadable prepaid card and how they use it today

For survey results and to read excerpts of the online chats please visit the NBPCA website at <http://www.nbPCA.com>.

The survey was conducted March 2-5, 2009 with 400 adult consumers with incomes less than \$30,000 per year who are currently utilizing reloadable prepaid cards and alternative financial services. The margin of error is +/-4.9% at the 95% confidence level.



(Source: *PaymentsNews*, April 2009)

## **UK Card Awards 2009 - PayPal/RBOS Win Best New Prepaid Product**

PayPal and The Royal Bank of Scotland have won the 'Best New Prepaid Card Product of the Year' at Card Awards 2009 for their PayPal Top Up product, which is processed by global payments services provider, TSYS.

PayPal partnered with The Royal Bank of Scotland to launch the PayPal Top Up Card in August 2008. The prepaid product has succeeded in making the PayPal brand more visible offline and has attracted new customers who did not previously have a PayPal account.

"As the leading gift and prepaid services provider in the UK, TSYS would like to congratulate PayPal and The Royal Bank of Scotland for this prominent award," said Kelley Knutson, executive vice president of TSYS Global Services. "The Card Awards is a prestigious event which recognises excellence and best practices in the UK and Irish card payments markets."

This is the second year that a TSYS client has won the award in the prepaid category. In 2008, Lloyds TSB was selected as the winner for their Lloyds TSB Silver Account & Money Transfer Card.

(Source: *PaymentsNews*, April 2009)

## **Scheme news**

### **MasterCard Readies TV Push for Prepaid**

MasterCard Inc. is preparing to address what many prepaid card executives call the niche's No. 1 problem: consumer awareness.

The Purchase, N.Y., payments network is planning to unveil a consumer advertising campaign this spring, including television commercials, to promote reloadable prepaid cards to a larger audience.

Laura Kelly, MasterCard's senior vice president of global prepaid solutions, said the campaign's slogan — "Everyday Prepaid" — is meant to demystify the cards, which are often referred to with such decidedly uncatchy labels as "general-purpose," "network-branded" or "stored-value reloadable."

"Obviously consumers many times don't understand what a GPR is. ... 'General-purpose reloadable prepaid' just doesn't roll off my lip, and I'm in the business," Kelly said. "We really did try to say, 'What's the simple answer and the simple way to describe this product?'"

Executives at prepaid debit card companies and industry analysts have said the recession is broadening consumer demand for the cards, which can allow both underbanked and credit-deprived customers to pay with plastic instead of cash. A recent survey of prepaid card executives said many are wondering why the major payment networks, with their large marketing budgets and omnipresent television commercials, have done so little to mention prepaid in those ads.

(Source: *PaymentsNews*, April 2009)

### **EC hits Visa Europe with interchange antitrust charge**

The European Commission (EC) has accused Visa of violating antitrust rules over cross border interchange fees just days after reaching agreement with MasterCard on the same issue.

In a statement of objections, the EC says its preliminary view is that multilateral interchange fees set by Visa "restrict competition between banks for accepting consumer payment cards without benefiting consumers by contributing to technical and economic progress".

Last March the EC launched a probe into whether the interchange fees charged by Visa Europe "forbid restrictive business practices such as price fixing".

The investigation's launch followed the expiry of a 2002 antitrust agreement between the card company and the EU's Competition Commission when Visa agreed to reduce levels of interchange fees for processing card transactions in return for immunity from legal action.

In January Visa Europe CEO Peter Ayliffe said he expected to reach an agreement with the commission by the end of the year and the firm recently adopted a new methodology for setting cross-border fees, cutting the average from 0.7% to 0.61%.

But, although the EC says the changes are a "step in the right direction", they "do not remove its concern that Visa's MIFs restrict competition".

"Visa's MIFs harm competition between acquiring banks, inflate the cost of payment card acceptance for merchants and ultimately increase consumer prices," says the commission.

Recently the commission reached an interim agreement with MasterCard capping fees at 0.3% for credit cards and 0.2% for debit cards.

*(Source: Finextra, April 2009)*

### **Visa selects Malaysia for first commercial contactless m-payments service**

Visa has teamed with Malaysia's Maybank, wireless carrier Maxis and handset manufacturer Nokia to launch its first commercial contactless mobile payments service.

The deal marks the first time customers can purchase an NFC-enabled phone off the shelf and use it to make Visa payWave-enabled transactions at the point-of-sale.

The commercial roll out follows several m-payments pilot programmes Visa has conducted in various parts of the world.

From today Maybank Visa account holders can download their Visa payWave credit account details directly to the Nokia 6212 classic handsets over the Maxis wireless network.

Once the account has been personalised on the phone, users can make purchases at around 1800 merchant outlets that currently accept Visa payWave in Malaysia.

In addition, customers will be able to pay for charges while using metropolitan transit systems, bus terminals, highway toll gates and car park facilities at more than 3000 contactless payment touch points throughout Malaysia.

"We believe that Visa's NFC mobile payment launch in Malaysia signals a tipping point for the payments industry globally as we move from mobile payment pilots to commercial availability," says Elizabeth Buse, global head of product, Visa.

"The launch of Visa's first commercial NFC program in Malaysia is based on Visa's experience gained from undertaking extensive pilot activities around the globe and is something Visa plans to replicate in other places around the world."

Meanwhile Singapore's Network for Electronic Transfers (Nets) has struck a deal with three local banks to launch a contactless card that can be used for transit, ERP, car park payments and retail purchases at around 35,000 points throughout the country.

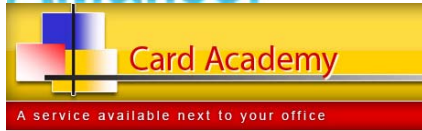
The card - being rolled out in partnership with DBS, Oversea Chinese Banking Corporation (OCBC) and United Overseas Bank (UOB) - combines debit and stored value functionality.

Consumers can top up the stored value part of the card at the point of sale, with the funds being transferred from their debit account. Nets is also rolling out top up terminals in customer homes.

News of the Malaysia and Singapore programmes comes as a new study from Frost & Sullivan suggests the contactless payments market in Asia Pacific will weather the economic storm.

According to the report, the Asia Pacific contactless smart card market earned revenues of \$769.4 million in 2008 and is expected to hit \$1356.0 million in 2014.



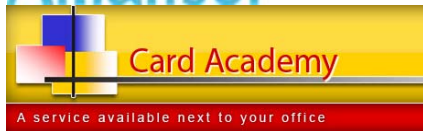


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The research suggests that while countries that have not yet achieved mass deployment of contactless smart cards could experience further delays, more advanced countries such as Japan and South Korea that possess strong infrastructure and high penetration rates are unlikely to slow down drastically.

*(Source: Finextra, April 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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Next issue of the Card Academy Bulletin will be on 1<sup>st</sup> May 2009.

