

ISSUE # 31, 2009

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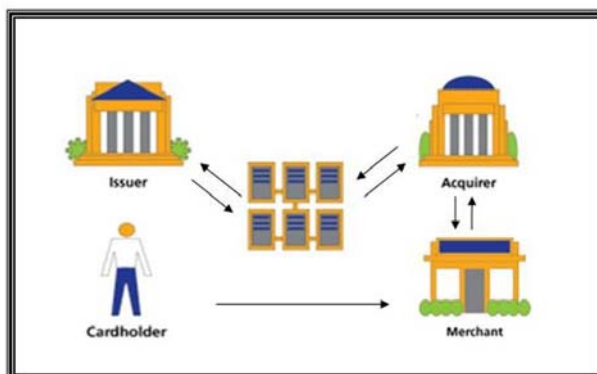
Latest news from Card Academy

Your local Card Academy

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



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 6th & Wednesday 7th October 2009 in Stockholm, Sweden

This year's conference will provide you with the opportunity to hear and learn more about:

- Card Not Present Fraud
- Upcoming Compliance Issues
- European and Baltic Sea Card market trends
- PCI/DSS updates – how does it impact your business
- The future of shopping – case studies provided by Retailers
- The international Financial crises – how does it impact cards
- Prepaid products and next generation outlook
- Using Chip-technology for Private Label Cards
- Portfolio Management & Profitability
- The future of ATM's – what will happen within this area
- Payment Cards and Loyalty – how to maximise the value of your relationships

We are still in the process of finalizing the agenda, and will keep you posted in terms of speaker's names, any changes in the program – and announcement of our Keynote Speaker for this year's Conference. For further information on the above, please do not hesitate to contact us on the conference e-mail.

✉ **E-mail contact:**

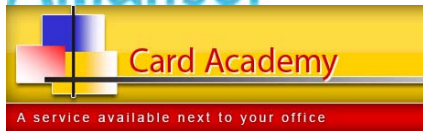
Send your contact details on Information@BalticSea-CardConference.com to ensure that you are updated on the Conference Program.



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.





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PayEx supports Nordic merchants with one common payment solution

An increasing number of retail chains and merchants operate today outside of their domestic market, and sees the Nordic region as one single market. As a consequence the retailers seek common technological platforms cross national borders.

PayEx entered an agreement with Reitan Servicehandel for delivery of payments systems to the new petrol- and servicestationbrand Shell/7-Eleven in Norway, Denmark and Sweden. PayEx has now rolled out its Nordic payment solution to all the stations in Norway and Denmark, and Sweden will be finished this summer. The solution consists of an integrated Sagem Flexi PIN-pad terminal in-store and an outdoor payment terminal from Dresser Wayne, and accepts all the major international credit cards, domestic debit cards and various petrol- and bonuscards that Shell/7-Eleven has decided to accept.

Security and accountability is important, so the solution is fully compliant with the PCI standards PCI PED, PCI DSS and PCI PA DSS (Payment Application). The solution is also certified against the EMV standard and accepts cards with chip or magnetic stripe.

The customer is treated the same in all the stores and the merchant can use the same profile regardless of geographic location, combined with support for national rules and legislations..

PayEx also enrolls their Nordic solution thru an increasing amount of Nordic ECR-vendors. The retailers are depending on stable, user-friendly, accurate and secure systems to do business and until now it has not been so easy to choose a single system working perfect in all the Nordic countries.

The retail chains that use PayEx will now get access to a common Nordic payment solution with accompanying services for collection of card transactions, support and installation- says Business Development Manager Anders Gran in PayEx.

PayEx is short for Experts in Payments. Since 1972, the company has developed a broad base of expertise within payment services.

PayEx manage more than 8'000 customer's transactions daily, employs approximately 700 people and have offices in Oslo, Stockholm, Gothenburg, Visby and Copenhagen

Among companies that PayEx delivers POS terminals to you will find Reitan Servicehandel with brands like 7-Eleven, Narvesen, Pressbyraan and Shell/7-Eleven, Elkjøp Nordic with brands like Elkjøp, Lefdal, Elgiganten, Giganti, PC-City and Markantalo, YX Energi Norway, Expert, XXL, Jysk and many more. The company also delivers internet- and mobile-payment systems to Canal Digital, TV 2, NRK, Riks TV, Blocket, Aftonbladet, Skistar, Finn.no, Netcom, Telehuset and Tele 2.

(Source: PayEx, May 2009)

SEB Latvia reporting growth on cards issued

In a press-release SEB Latvia informed that during 2008 their cardholders performed more than 1.5 million transactions per month, or 45,000 transactions per day. The total cardholder spend was 23 million Lats – of which the majority was spend using Debit cards.

The total number of Credit cards issued by SEB Latvia was 138,211 by the end of 2008 – a growth of close to 200% since 2005, where they had 46,819 Credit cards in total.

2007 showed an increase of 18% in terms of number of purchases using Debit cards, compared to a growth rate for the usage of Credit cards by 78%. Growth rates for the usage of Debit cards have slowed down slightly to 7%, whereas Credit card usage seems to still have high growth rates. In 2008 the rate for Credit cards was 87%.

By year-end 2008 the total number of cards issued by SEB Latvia was 526,907. The majority of these cards – some 74% - were Debit cards, whilst the remaining 26% was issued as Credit cards.

(Source: SEB Latvia (Rixtar), may 2009)



Sberbank in Russia reporting on cards

Sberbank in Russia has reported their card figures by end first quarter 2009. The total number of cards issued by Sberbank was 32.1 million cards. The majority of cards issued are Debit cards, as only 160,000 cards were reported as Credit cards.

The growth rate for Sberbank cards was reported as 5.5 %, measured on the total number of cards issued by year-end 2008.

The total number of cards issued is branded as follows:

- 16.7 million MasterCard and Maestro cards
- 12.2 million Visa and Visa Electron cards
- 3.2 million proprietary Sberbank cards

Sberbank is managing a Co-brand program together with Russian airline Aeroflot. The total number of cards issued under this program is 370,400 cards, and all cards are branded Visa.

Another interesting area for Sberbank is mobile banking. During first quarter 2009 they saw a growth of 14.7 %, and how now reached a total of 7.7 million users. More than 100 million SMS notifications about cardholder transactions were sent to cardholders during first quarter 2009.

Sberbank is the Acquirer of some 75,000 merchant locations, and is also managing some 18,000 ATM's. The total number of transactions not including ATM's during first quarter 2009 was 25.9 millions.

(Source: UABanker (Rixtar), May 2009)

Europe & World Wide news

Deloitte staff trial Visa card with built in OTP generator for IT access control

Deloitte employees are piloting a corporate Visa Barclaycard that includes technology for generating one-time passwords that can be used to remotely access the company's IT system.

The three month pilot sees around 500 Deloitte staff using the card to remotely access their company IT system via a virtual private network (VPN).



The card has a keypad and LCD screen embedded into it, to allow users to enter their PIN and generate a one-time use passcode, which is then authenticated by the VPN.

The firms say the card, developed using technology from Australia-based Emue, is expected to reduce costs substantially compared to using a separate token device.

In addition to supporting remote network access, the card is compatible with Verified by Visa which could prevent CNP fraud and identity theft associated with online banking, telephone authentication and other remote channels, says Barclaycard.

Simon Owen, senior partner, Deloitte, says: "The Emue technology enabled Visa Corporate Barclaycard offers real benefits for card issuers based on our own experiences of providing staff with one time code functionality for remote access. We estimate that we could save up to 65% per user over having a separate traditional token device."

In November, four European banks outlined plans to pilot an OTP Visa card for use in consumer transactions online or by telephone. MBNA, a Bank of America company in the UK, Cornèr Bank in Switzerland, Cal in Israel and IW Bank in Italy all signed up to trial the technology.

(Source: Finextra, May 2009)

Heartland to fight MasterCard data breach fine

Heartland Payment Systems says a fine of over \$6 million imposed on it by MasterCard in relation to the massive data breach it suffered last year is illegal and will be contested.

Reporting first quarter results, the firm revealed it incurred \$12.6 million in expenses and accruals attributable to the massive data breach, which saw malicious software in the firm's processing system potentially compromising the card data of millions of people.

The costs contributed to a first quarter Gaap net loss of \$2.5 million.

In an earnings call, Heartland CEO Robert Carr says over 50% of the \$12.6 million expense relates to a fine MasterCard assessed against the processor's sponsor banks.

The fine was imposed because of an alleged failure by Heartland to take appropriate action once it learned that its systems may have been breached.

Carr says the company responded appropriately and "upon discovering the intrusion it took immediate and extraordinary action to address the intrusion" and also "fully co-operated" with MasterCard's investigation into the breach.

"Heartland therefore considers the MasterCard fine to be in direct violation of both the MasterCard rules and applicable law and it intends and is prepared to vigorously contest and it has recommended to its sponsor banks that they vigorously contest, through all means available including litigation if necessary any liability that may be asserted or imposed upon Heartland or its sponsor banks by reason of this fine," says Carr.

In better news, Carr says the company has been recertified as PCI compliant. This comes after it was dropped from Visa's list of compliant service providers in the wake of the breach.

Carr says he hopes this "will end once and for all the host of falsehoods and misleading statements that a few competitors have been using".

In March the firm threatened legal action against competitors it accused of misleading merchant customers with claims they would be penalised for doing business with the processor after it was struck off Visa's list compliant service providers.

The company has also committed several million dollars to an end-to-end encryption system that it will begin rolling out with its merchants in the third quarter.

(Source: Finextra, May 2009)

Vocalink secures £60m shareholder investment

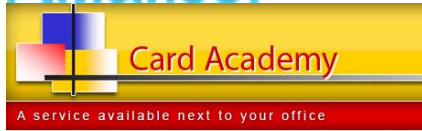
UK payments processor VocaLink has tapped its shareholders for a £60 million equity capital investment as it looks to continue to expand its European presence.

The company, owned by around 20 UK banks and building societies, was created in 2007 through the merger of the Bacs payments and clearing network and ATM network operator Link.

Since then it has embarked on an aggressive expansion programme into Europe in a bid to take advantage of the introduction of the Single Euro Payments Area (Sepa). The firm has signed a number of major banks - including ABN Amro, Bank of America, Citi, Dexia Bank, Fortis, Lloyds TSB, RBS and Santander - to its €CSM partnership, which provides banks and clients with Sepa-related services.

Earlier this year it completed pilot testing of Sepa direct debit exchanges between corporate customers and three European banks, ABN Amro, Bawag and Royal Bank of Scotland.





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It has also signing an outsourcing deal with Sweden's national processor Bankgirocentralen to take on the majority of its payments processing and provided the platform for the UK's Faster Payments service.

Richard Hooper, acting chairman, VocaLink, says: "This investment will give us the opportunity to improve our services whilst enabling us to continue providing reliable and trusted support for our clients in difficult economic times."

(Source: Finextra, May 2009)

UK high street retailer Boots is teaming with MasterCard and RBS WorldPay to introduce contactless payments at stores in London and Liverpool

UK high street retailer Boots is teaming with MasterCard and RBS WorldPay to introduce contactless payments at stores in London and Liverpool.

From the second half of this year, 15 stores in London and six in Liverpool will let customers make payments of under £10 by tapping their MasterCard PayPass cards against specially equipped terminals.

As acquirers, RBS Worldpay will work with Boots to develop and implement the system in the stores.

Roberto Tittarelli, head, commerce development, MasterCard Europe, says: "As part of MasterCard's strategy of strengthening merchant relationships, we're delighted to be working with one of the UK's leading retailers to make consumers' lives easier by allowing them to simply Tap & Go."

Boots is the first high street retailer in the UK to trial contactless technology, which is swiftly gaining popularity in the country. BarclayCard has issued over a million NFC-enabled cards and in March began incorporating the technology as standard.

Amer Sajed, managing director of UK Cards at Barclaycard comments: "Contactless is the future of payments and we are pleased to see that other card issuers and retailers are following our lead in the market. Consumer feedback highlights the increasing demand for contactless payments and we hope other retailers will follow Boots and introduce contactless payment facilities in store in our continuing aim to achieve a contactless Britain."

So far London has been the centre of the contactless revolution but last year MasterCard and RBS teamed with Stagecoach to trial a combined contactless bank and transit card in Liverpool.

Last month it emerged that Boots is considering following Tesco's lead and moving into personal banking. Stefano Pessina, executive chairman of Alliance Boots, told the FT that while financial services was not on his immediate "to do" list, he has talked about launching banking products in the company's 2600 pharmacies and stores.

(Source: Finextra, May 2009)

SIX Card Solutions moves into Austria with First Data deal

Swiss payments outfit SIX Card Solutions is to take over parts of First Data's Austrian processing business in a two-year phased transfer of staff and bank card transactions commencing in 2010.

Close to 130 former First Data employees will transfer to SIX Card Solutions, along with those parts of the Austrian business relating to the processing of card transactions for PayLife Bank and other customers currently serviced out of First Data's Austrian data centre.

Last year, following an international tender, SIX Card Solutions signed an agreement with PayLife to provide processing for its entire acquiring and debit card issuing business from 2011.

SIX says the deal opens up new opportunities in Austria.

Felix Aeschlimann, chief executive officer of SIX Card Solutions, comments: "With the comprehensive expertise and experience of our new employees from First Data we will be able to capture new market opportunities and enhance existing customer relationships in Austria."



First Data says it will re-focus its efforts on growing terminal market share in Austria. In the past two years, the company has significantly developed its acquiring business and now has a strong presence in the Austrian retail space with FirstPOS terminals and ATM locations.

(Source: Finextra, May 2009)

Scheme news

Total U.S. Visa Debit Volume Surpasses Credit for First Time

Visa has announced that spending on Visa debit cards in the U.S. had surpassed Visa credit card volume for the first time in the company's history. For the period ending December 31, 2008, Visa's US debit payments volume was \$206 billion, compared with credit payments volume of \$203 billion. Debit transactions were nearly 70% of U.S. transactions for the same time period, representing an increasingly larger portion of Visa's U.S. transactions.

"In 2002, U.S. Visa debit transactions surpassed credit transactions for the first time, and now payments volume has also exceeded credit. This marks an important achievement for Visa, as we continue to advance migration to electronic payments from cash and checks," said Bill Sheedy, President, North America, Visa, Inc. "For more than 20 years, Visa has championed the adoption of debit as a convenient and secure payment alternative for consumers and businesses. Now that cardholders can use Visa for almost every type of everyday spending – from taxis to grocery stores – the value of electronic payments over cash and checks is more clearly evident."

Consumers are increasingly turning to debit cards for non-discretionary purchases, or everyday spending. As of March 2009, approximately 52 percent of debit volume was for non-discretionary items like food and clothing in the U.S.

The top categories for Visa debit usage include bill payment, gas, groceries and quick service restaurants. Additionally, Visa research shows consumers have a growing preference for using debit in new merchant categories where cash and check were once the preferred way to pay – like dry cleaners, gas/service stations, movie theaters and convenience stores.

Within the U.S. marketplace, Visa's debit strategy has been to simplify card issuance and transaction processing for financial institution and merchant clients. Security enhancements like Zero Liability which protect consumers from unauthorized use, and merchant programs like no-signature required have also helped to increase the products' popularity among cardholders who have embraced this pay-now alternative. Visa debit features prominently in the company's recently introduced global advertising campaign entitled, "More People Go with Visa." The print, online and television advertisements promote the security, control and convenience advantages that Visa debit provides over cash and checks.

(Source: PaymentsNews, May 2009)

Turn to new strategies and metrics to navigate the storm

The world's senior finance executives are focusing on aggressive new methods to reduce and control costs in the face of the worst economic downturn since the Great Depression. At the same time, many businesses are continuing to invest in areas such as technology, marketing, and R&D to generate revenue and improve their operations once the recovery begins.

These findings were released on 12th May 2009 in the second annual American Express/CFO Research Global Business & Spending Monitor, a survey of 285 senior finance executives from the United States, Europe, Canada, Mexico, Asia, and Australia.

"While companies are clearly focused on cutting where they can, they are spending when they should to become more efficient and keep revenue flowing," said Gunther Bright, Senior Vice President, Global Client Group at American Express. "They're also measuring themselves against new metrics that reflect today's market reality, as well as a post-recession global economy."



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Companies in all regions remain pessimistic about the prospects of rapid economic recovery, with nearly 70% of respondents expecting to see recovery begin sometime in 2010. Over two-thirds of respondents predicted modest to substantial economic contraction over the next 12 months, and 63% reported that their companies' capital investments will decrease in 2009.



When asked about changes in their workforce, 59% of respondents anticipate a decrease in headcount. But companies are also taking actions now to avoid layoffs. Half the executives polled reported plans to freeze salaries and bonuses, while 32% plan to reduce benefits and 29% plan to cut salaries and bonuses. Twenty-four percent plan to reduce employee work hours or give furloughs and 16% plan temporary office or plant closures.

Cost control strategies also dominated finance executives' sentiments as they continue to deal with the recession:

- 85% are tightening controls over employee spending.
- 82% are placing greater emphasis on measuring and monitoring company financial performance.
- 71% are improving internal financial controls.

Despite the weight of the economic downturn, many companies are taking proactive steps to ride out the storm and position themselves for recovery. The research revealed a clear divide between investments that companies feel are vital to controlling costs or increasing revenues, and those that may be delayed until a recovery begins.

When asked where it would be important to sustain spending, companies identified information technology (69%), employee benefits (64%), marketing/advertising/PR (57%), and research and development (54%). Other areas of investment, such as merger opportunities and third-party consultants, were much less likely to be rated as important categories to sustain spending.

Finance executives' attitudes toward business travel told a similar story. Overall, 87% of respondents reported that their companies plan to spend less on business travel this year, with 44% expecting a decrease of more than 10%. Yet the corporate travel mix is shifting toward a heavy focus on revenue-generating travel:

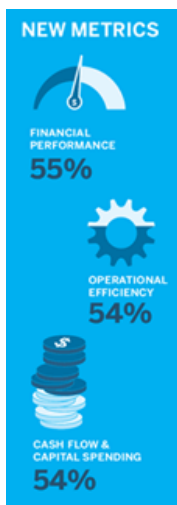
- 82% are likely to maintain or increase travel for meetings with new clients or for business development.



- 66% plan to maintain or increase travel for meetings with existing clients.

The precipitous decline of economies around the world, combined with the expectation that the recession will not reverse itself quickly, have led companies to explore new ways to measure success. Many respondents reported using or considering new metrics for financial performance (55%), operational efficiency (54%) and cash flow/capital spending (54%).

- 77% of companies reported that they have completed, are executing, or plan to revise their forecasting methods.
- 70% of respondents said their companies had adopted a formal program to improve employees' understanding of their contribution to business performance; 64% said they are working to refine or develop new business models to deal with the downturn.



One finance executive reported creating a financial early warning system by using forward looking projections linked to performance benchmarks his company must hit to maintain access to credit. Another said, "We are measuring return on sales, capital employed, days of working capital, etc. These are all areas (and several others) that were previously neglected."

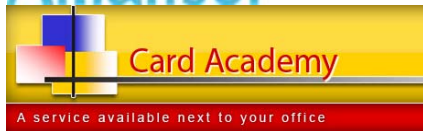
Emerging measurement strategies also included:

- Emphasizing return on investment over earnings per share.
- Focusing on direct impact on company profitability by line of business.
- Measuring customer profitability.
- Creating a "corporate dashboard" to track changes among a company's key assets.
- Examining employee productivity measures such as sales per employee and value-added per employee.

"Companies are adopting measurements that relate to productivity, profits and ROI," added Bright. "As we've heard from our own clients, a smart mix of data and insight can help executives make better decisions about strategy and investment in this challenging economic environment."

CFO Research Services surveyed 285 senior finance executives' at large global companies across a wide range of industries in the United States, Canada, Mexico, Europe, Asia, and Australia. Company revenues ranged from \$500 million to more than \$20 billion. The research program, which included an online survey and interviews with senior financial executives, was completed in April 2009.

(Source: American Express, May 2009)



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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

Kenneth Bergström
Ass. CEO & Head of Sales, Alliansor Caps AB
Phone: +46 (0) 739 887766
Mail: kenneth.bergstrom@alliansor.se

Partner organisations

Dedicon Oy, Finland
Petri Ahti
Managing Director, Dedicon
Phone: +358 400 867033
Mail: petri.ahti@dedicon.fi

RIXTAR, Riga Latvia
Ivo Almanis
Board Member of RIXTAR
Phone: +371 67 888 723
Mail: ivo.almanis@rixtar.com

Next issue of the Card Academy Bulletin will be on 29th May 2009.

