

ISSUE # 37, 2009

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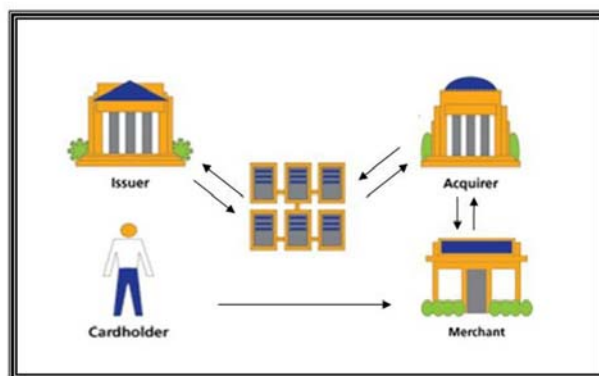
Latest news from Card Academy

Your internal 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 internal Card Academy



Yours sincerely,

Kurt Andersen, Card Academy

The Nordic and Baltic States news

Baltic Sea Card Conference 2009

The Baltic Sea Card Conference is a new service to all employees within Banking and Retail business in the Nordic & Baltic Sea countries.

This is your opportunity to get updated on regional and local day-to-day business issues, as well as meet up with colleagues from all over the Baltic Sea area, facilitating the opportunity to network.

Book your Conference already today:

**Baltic Sea
Card Conference**

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



Conference fee €699

(VAT will be added to this fee)

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

The Baltic Sea Card Conference 2009 is sponsored by:



DIBS Payment Services is the leading Nordic independent supplier of secure, functional, and innovative online payment services for business and commerce.

DIBS manage transactions for more than 9'000 customers daily and has offices in Stockholm, Gothenburg, Oslo and Copenhagen. DIBS is listed at First North and features HQ Bank as its certified adviser.



PayEx are the foremost experts in payment systems within the Nordic region. With over six hundred innovative employees, we have a vast expertise within payment services for internet and mobile trade, point of sale terminals, rating/billing, invoice and ledger management, collections and credit management. This has been our business since 1972. PayEx manage more than 8'000 customer's transactions daily and have offices in Oslo, Stockholm, Gothenburg, Visby and Copenhagen. Visit us at www.payex.com



Ikano chooses PBS as its Nordic partner

From now on, all transactions made with Ikano Bank's 39,000 cards in Finland will be processed by PBS. This means that PBS will process all Ikano Bank's card transactions in the entire Nordic region.

In 2007, Ikano Bank entered into an agreement with PBS that entails that PBS supports Ikano's card business in the countries in which Ikano Bank operates. As a result of this agreement, Ikano Bank will gain a higher degree of efficiency as its card business will now be consolidated centrally.

The conversion of Ikano Finland's cards to PBS' platform follows a set of similar conversions involving Ikano Denmark, Ikano Bank Norway and Ikano Bank Sweden for which PBS already processes transactions and related services.

Head of Operations at Ikano Bank, Bengt Eriksson, has the following comment on PBS' solution for Ikano Bank: "An important part of our efforts to realise economies of scale is through implementing shared solutions for our operations in different geographical markets."

"PBS strives to be the Nordic Payment Hub and to be competitive in the Nordic and European market." "By implementing a shared solution covering Ikano's card business in Denmark, Norway, Sweden and Finland, we will achieve greater volumes, reduced costs and increased efficiency", says Susanne Brønnum, Director for Cards at PBS A/S.

Next step is to have Ikano Germany converted to PBS' platform in the second half of 2009, which means that Ikano Germany's operation will be based on the same solution as the rest of the Ikano Group.

(Source: PBS, August 2009)

Europe & World Wide news

Charitable Giving via Plastic Cards Up 18% in UK

Figures published by The UK Cards Association show that donations to charitable organisations on plastic cards reached £1.19 billion in 2008 – up from £1.01 billion in 2007 – an increase of 18%. In terms of the number of donations made on plastic cards there was an overall increase of 13% from 2007 to 2008. Donations on debit cards increased by 16% (up from 13 million in 2007 to 15.1 million last year) while credit card transactions rose 9% (9.6 million in 2007 to 10.5 million last year).

Interestingly, whilst more payments to charities are put on debit cards we tend to donate more on credit and charge cards. Last year the total amount donated on credit and charge cards was £639.2 million and £546.9 million on debit cards. One of the reasons for this is that many people donate online and this is one environment where more people prefer to use their credit card instead of a debit card. However, we would expect the gap to narrow in the future as charitable giving on plastic cards follows the overall trends in the market towards debit cards.

Another way of donating to charities is by using an affinity card*. With total spending of £6.7 billion on these cards in 2008 and, on average, 0.25% being the percentage donated to charities, approximately £16.7 million will have been raised through the use of these cards.

Sandra Quinn, director of communications said: "These card figures, showing an 18% increase in charitable giving, tell us an interesting story. Despite the economic downturn it seems there was no let up last year in people's commitments to charities.

"Over the last few years we have seen more charities offer donors additional ways to pay, particularly with cards, and particularly online - all of which makes donating extremely easy, and unquestionably plays a part in the increase in charity spending on plastic cards."

(Source: PaymnetNews, July 2009)

Payment card fraud trends revealed

Almost one in five consumers has experienced credit or debit card fraud in the past five years, according to payments software provider ACI Worldwide.

The provider surveyed more than 2,400 consumers in Australia, Brazil, China, Dubai, Germany, Singapore, the UK and the US, and found that 18 percent of those questioned have been victims of credit or debit card fraud in the last five years.

Some 22 percent of respondents would change financial institutions, and a further 27 percent would consider changing financial institutions, if they or someone they knew was hit by card fraud, stated the research.

The survey also highlights variations in fraud trends around the world. For example, in the US and the UK, 27 percent of respondents have been hit by card fraud in the past five years, compared to seven percent in Dubai, eight percent in Germany and 15 percent in Australia, China and Singapore.

David Nussenbaum, vice president and product line manager at ACI Worldwide, said the international research it has conducted shows that although card fraud trends vary around the world, it is still a persistent problem for banks.

"In order to protect themselves and their customers against potential fraudulent attacks, financial institutions are looking for ways to implement effective anti-fraud strategies, while maintaining efficiency and keeping costs to a minimum," Nussenbaum said.

(Source: Lafferty Cards News, July 2009)

RBS WorldPay sells German POS acquiring business to easycash

The Royal Bank of Scotland's German domestic acquiring arm, RBS WorldPay, has sold its merchant point-of-sale portfolio to local outfit easycash. Financial terms of the deal were not disclosed.

The deal, which covers a portfolio of several thousand merchant relationships and includes the transfer of 16 staff, sees easycash enter the credit card acquiring market.

Easycash was able to make the acquisition after MasterCard and Visa recently granted it acquiring licenses.

Commenting on the deal, Siegfried Heimgärtner, CEO, easycash, says: "It enables us to offer the full range of all card-based payment forms with a one stop offering."

(Source: Finextra, July 2009)

FSA fines HSBC units £3.2m for losing customer data

The Financial Services Authority has hit HSBC with fines totalling £3.2 million for security failings at three units that led to the loss of sensitive customer data, putting thousands at risk of identity theft.

In April 2007, HSBC Actuaries lost an unencrypted floppy disk in the post, containing the personal information of 1,917 pension scheme members, including addresses, dates of birth and national insurance numbers.

Despite a July 2007 warning by the bank's insurance compliance team about the need for robust data security controls, in February 2008 HSBC Life lost an unencrypted CD containing the details of 180,000 policy holders in the post.

The FSA says the units did not have adequate systems and controls in place to protect their customers' confidential details from being lost or stolen.

An investigation by the watchdog revealed that large amounts of unencrypted customer details had been sent via post or courier to third parties. Confidential information about customers was also left on open shelves or in unlocked cabinets and could have been lost or stolen. In addition, staff were not given sufficient training on how to identify and manage risks like identity theft.



Margaret Cole, director, enforcement, FSA, says: "All three firms failed their customers by being careless with personal details which could have ended up in the hands of criminals. It is also worrying that increasing awareness around the importance of keeping personal information safe and the dangers of fraud did not prompt the firms to do more to protect their customers' details."

HSBC Life was fined £1,610,000, HSBC Actuaries and Consultants £875,000 and HSBC Insurance Brokers £700,000. All three firms agreed to settle at the early stage of the investigation and qualified for a 30% discount.

(Source: *Finextra*, July 2009)

Scheme news

American Express reports earnings from continuing operations of \$342 million

American Express Company reported second-quarter income from continuing operations of \$342 million, down 48 percent from \$660 million a year ago. Diluted earnings per share from continuing operations were \$0.09, down 84 percent from \$0.56 a year ago. The per share results include a reduction of \$0.18 from a repurchase of preferred shares from the U.S Treasury Department. Excluding this impact, adjusted diluted earnings per share from continuing operations were \$0.27.

Net income totalled \$337 million for the quarter, down 48 percent from a year ago. Per-share net income of \$0.09 was down 84 percent from \$0.56 a year ago, also reflecting the repurchase of preferred shares discussed above.

Consolidated total revenues net of interest expense declined 18 percent to \$6.1 billion, down from \$7.5 billion a year ago.

Consolidated provisions for losses totalled \$1.6 billion compared to \$1.8 billion in the year-ago period, primarily reflecting lower average card-member receivables and loans, offset by higher write-offs and past due loans.

Consolidated expenses totalled \$4.1 billion, down 16 percent from \$4.9 billion a year ago, reflecting in part the results of the company's reengineering initiatives.

At the end of the quarter, the company's tier-one risk based capital ratio was 9.6 percent. Its tier-one common risk based ratio was also 9.6 percent, which compared favourably to the regulatory benchmark of 4 percent.

The company's return on average equity (ROE) was 13.2 percent, down from 31.1 percent a year ago. Return on average common equity (ROCE), which excludes the impact of preferred shares and other adjustments, was 12.0 percent, down from 30.9 percent a year ago.

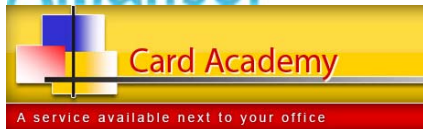
"We continued to deliver on our three 2009 priorities by staying liquid, staying profitable and investing selectively in key business initiatives this quarter," said Kenneth I. Chenault, chairman and chief executive officer.

"We plan to use a significant portion of any benefits from this trend improvement on marketing and promotion, investments and other business initiatives. Our priorities include growing our charge card portfolio, and expanding our merchant business, corporate services, relationships with other banks who issue cards on our network and information management capabilities. We will also continue to focus on a premium lending strategy linked to co-brand partners around the world. "

(Source: *American Express*, July 2009)

Visa tests SMS alert service

Visa Europe is trialling a mobile phone-based notification service that sends customers a text message every time their card is used



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Card holders will receive an update with the time, location and amount of each transaction to their phones. As well as SMS notifications, users can opt for e-mail alerts or download an application to smartphones.

Visa is currently trialling the real-time alert service with its staff in the UK and is "working closely" with member banks through which it will make the technology available to consumers.

The service will give cardholders constant control of payments and provide peace of mind, claims Visa, which plans to tweak it in the future to allow people to customise the format and content. This could enable users to instantly convert transactions into their home currency while abroad, making it easier to keep on top of budgets.

Sandra Alzetta, SVP, innovation and new product development, Visa Europe says: "With Visa's mobile alert service, we want to offer cardholders the reassurance of knowing, in real-time, exactly where and when their card is being used. If something looks suspicious, this will give them the power to put a stop to any fraud taking place on their cards."

In the US earlier this year Visa was hit with a lawsuit for allegedly infringing a patent covering the notification and authorisation of transactions via text message.

(Source: Finextra, July 2009)

Visa Announces Executive Management Reorganization

Visa has announced a reorganization of the company's executive management team's responsibilities "to heighten organizational effectiveness and increase the pace of Visa's global alignment."

As part of the changes, John C. (Hans) Morris will step down as President - although he will remain with the company in a transition role through year-end. "Hans played an important role as we created Visa Inc., executed the IPO and transitioned Visa to a high performing public company," said Joseph W. (Joe) Saunders, Chairman and CEO of Visa. "We've benefitted from his energy, insight and counsel."

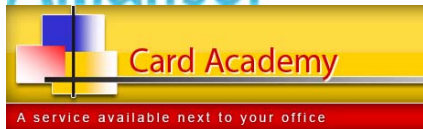
Visa's global sales, client service, marketing, product development and innovation functions will be consolidated, effective immediately, under John M. Partridge, Chief Operating Officer.

"We've come a long way since October of 2007 when we merged five independent Visa operating regions, Visa International and its global payment processing subsidiary, Inovant, into one company called Visa Inc. and very successfully took the company public," said Saunders.

"Since the IPO, we've expanded our core debit and credit business, reduced operating costs by hundreds of millions of dollars, and heightened our focus on product innovation. We have met or exceeded most of the financial goals we established at the IPO, and continue to meet or exceed all our current financial guidance. As a growing and constantly evolving company, we will continually assess our management team structure and refine it as necessary to ensure that we continue to deliver value to clients and shareholders."

(Source: PaymnetNews, July 2009)





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