

## ISSUE # 40, 2009

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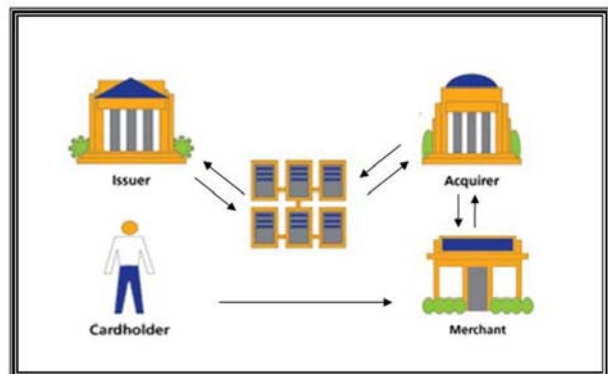
## Latest news from Card Academy

### 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

### **BBS Norway, PBS Denmark and Teller Norway head for merger**

Norwegian Nordito AS and Danish PBS Holding A/S have signed a letter of intent to merge in the 1st quarter of 2010. The objective of the merger is to create a winning Northern European provider of solutions within payments, cards and information exchange. The new company will meet the market challenges through competitive, innovative, best-in-class solutions and products.

Nordito AS and PBS Holding A/S are the owners of BBS, Teller and PBS, three of the leading Nordic companies within payments, cards and information exchange.

Chairman of PBS, Peter Lybecker, Nordea: "In order to remain competitive and innovative, it is vital for companies in the cards and payments arena to consolidate volumes. PBS already has a partnership with BBS through NETS (Northern European Transaction Services) and offices in Sweden, Norway and Estonia. Combining the skills of three leading Nordic players will enable us to become an even more attractive and competitive supplier and partner in the field of payment services."

Chairman of Nordito, Rune Fjeldstad, DnB NOR: "The payment and information industry is constantly changing. Technological progress, regulatory conditions and changes in customer preferences are driving forces in the market. The merger is a great opportunity for all involved parties to further develop their positions in the international marketplace."

The intention is to create an innovative and attractive international workplace with more than 2200 highly skilled employees in five countries.

In addition to becoming an attractive partner for European financial institutions and corporations, the new company will become an even stronger partner for existing customers, and it will support them in their national, Nordic and European businesses. The company will continue to be the focal point for the common development of the payment infrastructure in both Denmark and Norway.

As a part of the signing of the letter of intent, Nordito AS and PBS Holding A/S have agreed on the following key issues:

- Chairman of the Board of Directors will be: Peter Lybecker, Nordea.
- Deputy chairman: Terje Vareberg, SpareBank 1 SR-Bank
- The top management will be:
  - CEO, Rune Fjeldstad, DnB NOR and
  - Deputy CEO, Flemming L. Jensen (present CEO in PBS)

The new headquarters will be located in Copenhagen with strong competence and business centres in Oslo and local offices in Stockholm, Helsinki and Tallinn.

The business areas of the new company will be:

- Cards
- Payments
- Financial Acquiring
- Merchant Solutions
- eSecurity

(Source: PBS, September 2009)

### **Swedbank Card Services to launch card acquiring in Denmark**

A new service provider of card acquiring services will enter the Danish market place shortly, in order to boost competition. Swedbank Card Services intend to offer merchants improved terms and conditions

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for settlement of international payment cards, and as of 22nd September 2009 it will be possible to apply for this new service, which will be launched on 15<sup>th</sup> November 2009.

Having Swedbank Card Services as a new service provider on Card Acquiring of international payment cards branded VISA og MasterCard all Danish merchant now have an alternative to the existing Acquirer in the market.

Swedbank Card Services intend to offer settlement of all transactions within 2 banking days, whereas current market conditions are 7 or 28 banking days. This will improve the cash flow for merchants, and lower the needs for credit facilities – something that plays an important role for many merchants.

Through lower fees and individual negotiated merchant agreements Swedbank Card Services expect to operate with more cost efficient solution compared to the existing service supplier, with cost savings in the range of 30 to 35 percent. All in all better terms and conditions for merchants in Denmark, and based on that Swedbank Card Services foresee an increase in the usage of international payment cards in Denmark.

Morten Kolind, Vice President at Swedbank Card Services in Denmark says: "Swedbank Card Services has the intention to further develop the Danish payment card market, and facilitate further usage of these cards through more attractive terms and conditions for the merchants."

There will be no impact for merchants on the acquiring of Dankort – the domestic Debit card scheme – as Swedbank Card Services plan to use the existing POS devices and transaction processing networks. Swedbank Card Services AB is a 100 percent owned subsidiary of Swedbank AB. With a market share of more than 55 percent in Sweden, as well as incremental volumes in other Nordic and Baltic Rim countries they consider themselves as market leader within Card Acquiring.

*(Source: Swedbank Denmark, September 2009)*

## Europe & World Wide news

### **Welcome Real-time announces Welcome XLS 7.0**

Welcome Real-time unveiled the latest version of its award winning loyalty solution – Welcome XLS 7.0. This latest release of Welcome XLS encompasses not only its proven loyalty solution on point of sale (POS) devices, but now, for the first time, extends this loyalty application to include online transactions, ATM and bankwide loyalty.

Welcome XLS 7.0 has moved from a pure chip based solution to a technology agnostic solution, enabling it to manage any card technology (chip, magstripe, contactless) in a consistent way, providing the same customer experience and the same level of functionalities across the board. This works for any type of payment cards: credit, debit, prepaid, gift cards.

Welcome XLS 7.0 can provide benefits to any transaction independently of where it is happening: be it on-us, off-us, internet, or international, in an online or offline or mix of online/offline environments.

Physical and/or virtual retailers can now benefit from Welcome XLS on all of their transactions. In addition of the standalone POS or ePOS environments that are already deployed with Welcome XLS, the solution can now be used by the e-retailer for their internet transactions to provide real-time loyalty at the moment of payment exactly like on a regular POS or ePOS.

ATMs can now be used for displaying loyalty status, printing offers or simply for rewarding customers for withdrawing money from a specific ATM.

*(Source: Welcome Real-time, September 2009)*

### **Elavon and Santander Announce UK Merchant Alliance Relationship**

Elavon and Santander have announced the launch of a new alliance for merchant services in the UK. This alliance combines Elavon, a wholly owned subsidiary of US Bancorp, and Santander, one of the strongest and best capitalized banks in the world. "Jointly, Elavon and Santander's strategy is to

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become one of the leading players in the UK acquiring market. The new alliance will enable Santander to leverage Elavon's end-to-end control of the processing relationship; from risk and underwriting, to processing, funding and all customer support functions, whilst Elavon will dramatically increase their presence in the UK market by partnering with one of the most respected and fastest growing institutions in the UK."

"Santander aims to become the best commercial bank in the UK. This new alliance further enhances our portfolio of market leading current account and money transmission services for new and existing customers and demonstrates our commitment to supporting UK business during these challenging times. Through the new Santander and Elavon alliance, UK businesses can benefit from a comprehensive card processing system tailored to their specific needs with the added benefits of dynamic currency conversion and online account management," said Steve Pateman, Head of Corporate and Commercial Banking, Santander.

"Elavon's alliance model has been an integral part of our success in the United States for almost 20 years, and we're excited to leverage the reputation and reach of Santander as we expand in Europe," said Stuart C. Harvey, Jr., CEO of Elavon.

The alliance will benefit Santander's corporate and business customers, who, under the new agreement, will gain access to Elavon's robust and secure international processing platform, which features cross border and multi-currency processing, eliminating the need for pan-European clients to contract with multiple processors, while providing one point of service for all processing and customer support.

*(Source: PaymentsNews, September 2009)*

## **Ingenico buys easycash for EUR290m**

French eftpos outfit Ingenico has acquired Germany's easycash from private equity house Warburg Pincus for an enterprise value of EUR290 million.

The German POS network operator, headquartered in Ratingen, had around 340 staff in 2007, according to its Web site. That year it worked with 75,000 retailers, operating about 173,000 active terminals and checkout counters, and processing 886 million transactions.

In 2008 easycash posted revenues of EUR85.7 million, 56% of which came from transaction processing, 29% from POS terminal services and 15% from loyalty business.

Ingenico says the net increase in revenue should make the acquisition accretive from 2010 in terms of earning per share (before purchase price allocation).

To finance the deal, the French firm has negotiated a club deal bank facility of €270 million, including a €210 million term loan to fund the transaction and €60 million for working capital needs. This bank facility will replace the current syndicated loan at closing.

Philippe Lazare, CEO, Ingenico, says: "The acquisition of easycash is a major step in the strategic development of our group. This will enable us to accelerate our presence in the payment solutions and to grow our activities in Germany, one of the most promising payment markets in Europe. Finally, this acquisition will enhance value for our shareholders from the first year."

A final deal is still subject to approval from the German anti trust authority, Bundeskartellamt, and consultation of Ingenico's workers' council.

*(Source: Finextra, September 2009)*

## **Elavon acquires Diners Club merchant portfolio**

Merchant acquirer Elavon has acquired Citibank's Diners Club merchant portfolio in Western Europe – representing more than 75,000 retailers.

Elavon, a subsidiary of US Bancorp, has also signed a merchant-acquiring agreement with Discover, which owns Diners Club International - the franchisor of the Diners Club brand and owner of the



acceptance network.

Under the terms of the agreement, Elavon will add Diners Club card acceptance to its portfolio of payment processing services. The company will process, fund and offer customer support to merchants that accept Diners Club International cards in the UK, Ireland, France, Belgium, the Netherlands, Luxembourg, Switzerland and Germany.

The agreement with Discover means merchants will only need to have one merchant acquiring agreement, rather than signing up with different providers, to process various payment card brands. Meanwhile, Elavon's existing merchant customers will be able to accept Diners Club cards.

Stuart Harvey, CEO of Elavon said: "We look forward to extending Elavon's robust and secure international processing platform, as well as its outstanding customer service, to the many Diners Club accepting merchants across Europe. Adding Diners Club processing capabilities further underscores our value proposition as one reliable source for merchants."

*(Source: Lafferty Cards News, September 2009)*

### **Barclays to buy Citi's Portuguese credit card business**

Barclays has agreed to buy the Portuguese credit card business of Citi, as the UK bank looks to expand its presence in Western Europe.

Financial terms of the deal were not disclosed, although the Wall Street Journal reports that Barclays is paying less than \$100 million.

Barclays will acquire around 400,000 credit card accounts with gross assets of approximately EUR644 million. The Citi cards will be rebranded over time

The business, and its staff, will be integrated into Barclays' Portuguese unit, which has over 130 branches.

Frits Seegers, chief executive, Barclays global retail and commercial banking, says: "With this acquisition, we will deliver a real step change in our business, significantly increasing Barclays Portugal's customer base and providing extensive cross-sell opportunities. Barclays Portugal will be a leading international issuer in the country and will be positioned to become a top five player in the cards sector."

With many of its rivals scaling back their business after receiving government bail-out money, Barclays is looking to take advantage and make acquisitions.

According to the Times newspaper, it is currently mulling a move for the banking division of insurer Standard Life, which could be worth up to £300 million.

In contrast, Citi is selling off parts of its business and earlier this week sold the Diners Club Card merchant-location portfolio in Western Europe to Elavon.

*(Source: Finextra, October 2009)*

## **Scheme news**

### **Hungary fines Visa, MasterCard and banks over interchange fees**

Visa, MasterCard and seven of the biggest banks in Hungary have been fined a total of \$10.42 million by the country's competition authority for running an interchange fee cartel.

The GVH watchdog levied the fines after concluding that the introduction of a uniform interchange fee structure by Visa, MasterCard and the commercial banks in 1996 inhibited competition.

According to Reuters, Tihamer Toth, chairman, GVH ruling panel, told a news conference that by charging retailers a uniform fee for card payments "competition between the two card firms and the card-accepting banks was distorted and limited".



Visa and MasterCard were fined Ft477 million each - around \$2.6 million. The commercial banks - OTP Bank, Budapest Bank, MKB Bank, CIB Bank, Erste Bank, K&H Bank and ING Bank - were fined a total of Ft954 million (\$5.2 million).

In a statement, Visa says: "We are extremely surprised and disappointed with today's decision from the Hungarian Competition Council on domestic interchange in Hungary.

"We are awaiting a written copy of the decision to fully understand it. However, during the relevant period Visa did not set interchange in Hungary and we do not consider there can be any credible legal basis for the finding of an infringement against Visa Europe or the imposition of a fine. We are confident that this decision will be overturned on appeal to a higher court.

"This decision does not undermine the principle of interchange. Interchange is the best mechanism for ensuring the maximum benefit to all who use card payment systems: consumers, merchants and banks. For consumers, payment cards give safe and convenient access to their funds and provide the investment needed for security, innovation and payment efficiently."

Visa and MasterCard have been under fire over interchange fees around the world in recent years. US lawmakers have been seeking to pass legislation that would give retailers a seat at the negotiating table with banks and credit card companies over interchange fee levels. In Europe both firms have been battling the EC, which has accused them of infringing European competition law.

*(Source: Finextra, September 2009)*

## **Mobile debit payments go on trial in Italy**

Italy's Credito Valtellinese is to conduct the first European trial of Visa's V Pay contactless debit product using Nokia mobile phones.

The small scale trial is an extension of the Tellcard initiative in the North Italian province of Sondrio, which uses contactless technology to enable payments of up to EUR15 on Credito Valtellinese V Pay cards.

Fifty Credito Valtellinese employees will be given a Nokia mobile phone equipped with the Tellcard Mobile V Pay contactless application which can be used to make purchases at 180 locations in the northern cities of Sondrio, Chiavenna, Morbegno, Tirano and Bormio. Mobile payments can be made using the same contactless acceptance infrastructure already deployed for the Tellcard V Pay project.

Davide Steffanini, general manager Visa Europe in Italy, comments: "Our vision is to put payment tools in the pockets of every Italian consumer - whether on the cards they use today or the mobiles they already carry with them tomorrow. This collaboration is an important step towards making the vision a reality".

Elsewhere in Europe Visa also has contactless card programmes in the UK, Turkey, and Poland and contactless card pilots in France, Germany, Spain and Switzerland. There are Visa mobile contactless pilots in France, Spain, Switzerland and the UK.

*(Source: Finextra, September 2009)*

## **American Express Joins GlobalPlatform**

GlobalPlatform, the international specification body for smart card infrastructure, has announced that American Express has joined as its newest Full Member. Amex's initial focus will be to participate in GlobalPlatform's current standardization efforts to support the convergence of the payment and mobile technical landscapes.

American Express joins GlobalPlatform to have an active role in developing open and interoperable specifications for the entire smart card infrastructure. Its participation complements American Express' current work with EMVCo, the EMV standards body which it jointly operates alongside JCB, MasterCard and Visa to develop and maintain the EMV Specifications for the global payments industry. The two



associations are collaborating to advance GlobalPlatform's Specifications relative to secure content management on mobile devices, while ensuring that the technology aligns with EMVCo's application management requirements – including over-the-air (OTA) download and personalization – for mobile devices.

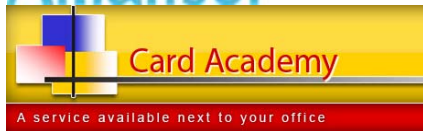
Susan Hillel, Senior Vice President of Global Network Operations at American Express, says: "American Express is delighted to join GlobalPlatform. We are committed to driving an open and interoperable infrastructure that will provide customers with choice and flexibility. American Express recognizes that by contributing to GlobalPlatform, and engaging in its cross-market expertise, we will be in a stronger position to deliver innovative and convenient payment solutions to American Express' users globally. We look forward to lending our market experience and resources to GlobalPlatform, and participating in this important industry initiative."

Kevin Gillick, GlobalPlatform Executive Director, adds: "GlobalPlatform is pleased that American Express has become a member. Its status as a global payment organization, coupled with its strong market presence, aligns with GlobalPlatform's goal to ensure worldwide interoperability of smart card solutions. We look forward to benefiting from American Express' wealth of knowledge and experience."

As a Full Member of GlobalPlatform, American Express is entitled to participate on the GlobalPlatform Advisory Council and to assign representatives to its technical committees – card, device and systems – task forces and working groups. The organization will also enjoy heavily-weighted voting privileges and have the opportunity to nominate a representative annually for election to the Board of Directors.

*(Source: PaymentsNews, September 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.

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