

ISSUE # 48, 2010

Items in this issue:

Baltic Sea Card Conference 2010 in Riga 1	EPC and GSMA launch consultation on Sepa contactless m-payments..... 5
Book your SPECIAL OFFER! Complete Conference package..... 1	Discover Financial Services launches CardBuilder 6
The Nordic and Baltic States news 2	Scheme news 6
Baltic Sea Card Conference 2010 – program 12 th April 2010 (Day 1) 2	Debit delivers for Visa Europe 6
Baltic Sea Card Conference 2010 – program 13 th April 2010 (Day 2) 3	Discover partners with Korea's BC Card 7
Gemalto acquires mobile authentication firm Valimo Wireless 4	MasterCard Incorporated reports fourth-Quarter and Full-Year 2009 financial results 7
Pangea Ecocard – Norway's new Green creditcard 4	American Express reports fourth Quarter EPS from continuing operation of \$0.59 8
Europe & World Wide news 5	Visa Europe discusses long term financial solutions for consumers 9
Europeans pay the price for dominance of cash..... 5	Contact information 10
PKO Bank Polski upgrades 6m cards to contactless..... 5	

Baltic Sea Card Conference 2010 in Riga

Book your SPECIAL OFFER! Complete Conference package

SPECIAL OFFER! Complete Conference package

<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Conference Fee - Baltic Sea Card Conference 2010 <input checked="" type="checkbox"/> airBaltic From OSL, CPH, ARN, HEL, TLL or VNO to Riga, 12 April 2010 <input checked="" type="checkbox"/> Taxi vouchers – Airport<->Riga  <input checked="" type="checkbox"/> Hotel – 1 night/single room, arrival 12 April 2010  <input checked="" type="checkbox"/> airBaltic From Riga to OSL, CPH, ARN, HEL, TLL or VNO, 13 April 2010 	<p><i>In total for 1 Delegate:</i></p> <div style="background-color: #ccc; padding: 10px; border: 1px solid #000; font-size: 2em; font-weight: bold;">€ 899.-</div> <p><small>VAT might be added to this fee.</small></p> <div style="background-color: #333; color: white; padding: 5px; border: 1px solid #000;"> <p>SAVE up to €200.- Total value of this package is up to €1,099</p> </div>
---	--

Please note that there is only a very limited number of packages available.

E-mail on Booking@BalticSea-CardConference.com or call +45 21296840 to pre-book your conference.

The Baltic Sea Card Conference 2010 is sponsored by:







Yours sincerely,






















Kurt Andersen, Card Academy



The Nordic and Baltic States news

Baltic Sea Card Conference 2010 – program 12th April 2010 (Day 1)

	EAPS – The European Card Solution The SEPA solution, present developments, Opening participation and future trends.		Lars Tebrügge Business Advisor
	Card not present Fraud trends An overview of general risks faced by acquirers, general fraud trends and best practices required to mitigate losses		Simon Dean Consultant
	Winning the first battle in the war of cash – reducing the cost of cash The future of cash – efficiency and profitability		Eric de Putter Account Director
	Acquiring in the Nordics and Baltic Rim markets – Challenges and Opportunities Perceived as one region, but with very diverse markets.		Mikael Möller Business Development
	Innovative card programs – ideas and inspiration An inspiring session with focus on card trends, innovative card programs and ideas.		Jon S. Østmo CEO
	Total transaction management – the strategic future of card programmes. Total transaction management cross the organisation.		Dan Young Director of Sales
	The impact of PCI/DSS for banks and processors Find out how some of the larger European banks and banks processing centres handles PCI projects		Lars Syberg PCI Product Manager
	How to increase return on investments on your Card programs A very interesting presentation on the importance of cards		Alan Stephenson Head of Sales
	The technology behind loyalty management How Issuers and banks can optimize the offerings of loyalty		S. Slim VP, Global Product & M.
	Insights from the heart of the commerce What does banks, retailers and consumers expect from electronic payments		C. Rodriguez General Manager

On Day 1 we will open the Conference at 1:00pm, and we expect to close at 6:00pm. Just after the close of Day 1 all Conference Delegates will be invited to a “After-conference drink” at the Conference hotel.

Baltic Sea Card Conference 2010 – program 13th April 2010 (Day 2)

	<p>The development in European Payment systems – and impact from the global financial crisis</p>	 <p>M. Temmerman SVP</p>
	<p>The future of ATM's – what will happen in this area What is the current status? Factors affecting the role of ATM's – and likely developments over the next years</p>	 <p>Ernst Verbeek Director</p>
	<p>Profit Optimisation through Effective Customer Lifecycle Management This session shows how customer lifecycle management can improve an issuer's financial performance.</p>	 <p>Chris Paul Senior Mgt. Consultant</p>
	<p>Processing in the Nordics & Baltic Rim countries How and why did PBS, BBS and Teller merge? And much more.....</p>	 <p>S. Brønnum Senior Vice President</p>
	<p>ClimaCount; leading to a healthier planet VISA Greencard – ClimaCount helps cardholders to reduce their impact on the environment – at no cost!</p>	 <p>Hans Brouwers Director Bus. Dev.</p>
	<p>How to design a successfully credit card solution Which added value benefits can enrich credit cards? And much more.....</p>	 <p>P. Steenstrup General Manager</p>
	<p>The development on Nordic e-commerce Get an update from recent reports issued by DIBS on the development of e-commerce in the Nordics</p>	 <p>Eric Wallin Director</p>
	<p>iDEAL: success in the Netherlands – opportunities in Europe? Online payment – alternative to cards and wallet.</p>	 <p>Eric Tak Sales Director</p>
	<p>How to increase your Gift Card sales with an electronic solution Learn how to make your Gift Card program more cost effective, more secure and much more appealing!</p>	 <p>C. Simatovics Managing Director</p>
	<p>Prepaid Products and next generation outlook</p>	 <p>Brian Larsen Sales Director</p>

On Day 2 the conference will start at 9:00am, and we expect to close at 1:00pm.



Gemalto acquires mobile authentication firm Valimo Wireless

Gemalto has announced that it has acquired Valimo Wireless, a mobile authentication company based in Helsinki, Finland. The terms of the transaction were not disclosed.

According to Gemalto, "Valimo has pioneered the use of two-channel, two-factor authentication based on Public Key Infrastructure (PKI), combining an over the air platform (OTA) with a software client in the SIM to generate a legally binding electronic signature, any time, any place. Valimo enables mobile phone users to securely authenticate themselves, digitally sign documents and confirm legally binding transactions simply by entering a self-chosen passphrase or a PIN code. Valimo Mobile ID solution facilitates secure online banking, mobile payments, governmental services, electronic and mobile commerce, and identity and access rights management for enterprise applications."

Founded in 2000 and headquartered in Helsinki, Finland, Valimo has been a Gemalto partner for 5 years. In Turkey for example, a major mobile operator, with over 30 million subscribers, selected Valimo and Gemalto to deploy the largest mobile digital signature commercial roll-out to date. By linking up with 13 banks, this operator enables its customers to strongly authenticate themselves for online banking and to digitally sign bank transactions from their mobile phone. Connecting the Valimo platform to forward-looking governmental agencies in the country, this mobile operator has also started to provide users with access to e-government services, such as obtaining a birth certificate or booking an appointment at the hospital, offering so to citizens a convenient and cost-effective method for administrative formalities.

Olivier Piou, Chief Executive Officer, Gemalto, commented: "Mobile digital signature has been on the horizon for a few years and we believe that we have now reached a tipping point. Whether it is a high end smart phone or a more basic phone, the one digital object consumers always have with them is their mobile phone, and they clearly express their desire to use it more and more for convenience in their daily life. Enabling people to conveniently sign legally-valid transactions is opening up a whole range of new applications for the mobile, at the service of citizens".

Juha Murtopuro, Valimo CEO added: "The key ingredient in a successful mobile PKI launch is bringing together mobile operators, banks and governmental agencies. Going forward, Valimo will be able to leverage Gemalto's customer relationships in these domains to successfully deploy mobile strong authentication. We are happy as we believe this combination will accelerate the much expected deployment of Mobile ID, including into new territories and new markets such as e-banking and governments services".

(Source: PaymentsNews, February 2010)

Pangea Ecocard – Norway's new Green creditcard

In cooperation with The Bellona Foundation, Pangea AS has recently launched a new green creditcard in the Norwegian market.

1% of each transaction, is sourced back to the the environment, through the Pangea Environmental Foundation. The board members of the foundation is highly skilled, and consist of leading characters in the Norwegian trade commercial life.

Together with The Bellona Foundation, the Pangea Environmental Foundation will support specific local environmental projects with the funds collected. Pangea is working together with a set of companies, to provide incentives for the customers who choose to take the Pangea card.

The Pangea card – a Visa Credit Card – is managed and issued in close cooperation with ya Bank in Norway.

More information about the concept can be found at www.pangea.no (Norwegian text only).

(Source: Pangea, February 2010)



Europe & World Wide news

Europeans pay the price for dominance of cash

Making payments in cash costs every person in Europe EUR130 a year, according to a study from Retail Banking Research (RBR).

The number of retail cashless payments grew by over 160% between 2000 and 2008, to 87 billion transactions. Of these, 90% were in western Europe, 10% were in central and eastern Europe and two-thirds were in the eurozone.

Yet, despite the "war on cash" being waged across the continent by, among others, the EC and European Payments Council, notes and coins remain the predominant retail payment method. Cash payments accounted for 78% of the continent's 388 billion retail transactions in 2008. The total cost of distributing, managing, handling, processing and recycling cash and of accepting cash payments was €84 billion - equivalent to 0.6% of Europe's GDP or EUR130 per person.

RBR argues that previous attempts to justify the economics of cash substitution in Europe are no longer relevant and advocates a new approach based upon establishing the business case for different players in the payments market, especially for retailers who ultimately decide which payment methods to accept and incentivise, and who provide much of the infrastructure for accepting payments.

The study predicts that the move from cash will be driven by various factors, including the Payment Services Directive, Sepa, payment card interchange fees and merchant service charges.

Emerging technologies will also play a significant part, with contactless cards and mobile phones expected to grow in popularity over the next few years.

These factors will contribute to a fall of 2.3% per year in cash payments up to 2014. However, despite this slow decline, cash will remain the predominant payment method for some years to come, still representing 63% of the continent's 414 billion payments in 2014.

(Source: Finextra, February 2010)

PKO Bank Polski upgrades 6m cards to contactless

Poland's PKO Bank Polski is upgrading six million customer Visa debit cards to contactless chip and PIN, according to local press reports.

The bank will begin replacing customer cards in June, with the entire upgrade project set to be completed by the end of 2011.

The Visa payWave technology will enable PKO customers to make low value payments at the point of sale by waving their cards against specially equipped readers, of which there are expected to be 20,000 of by the end of the year.

News of the move comes days after Intesa San Paolo in Italy committed to replacing its card base with MasterCard's PayPass contactless technology.

(Source: Finextra, January 2010)

EPC and GSMA launch consultation on Sepa contactless m-payments

The European Payments Council and GSMA, a trade group of wireless operators, have launched a consultation on Sepa and mobile contactless payments.

The parties say they want payment services providers and mobile network operators to cooperate on a system to enable over 500 million Europeans to make Sepa payments using their handsets.

They are asking market participants to contribute to a newly published paper: 'TSM Service Management Requirements and Specifications', which covers the different roles and processes involved in the provision and lifecycle management of banks' mobile contactless payment applications integrated into phones.

Dag-Inge Flatraaker, chair m-channel group, EPC, says: "The requirements developed by EPC and



GSMA will have a major impact enabling the mobile as a channel for payments in Sepa. This initiative paves the way for more efficient commercial launches of mobile contactless payments and contributes to interoperability and freedom of choice for the different stakeholders."

Alex Sinclair, CTO, GSMA, adds: "This is a significant move as it is the first time that mobile operators and banks have worked together at the international level on a common vision for contactless payments."

The EPC and GSMA first joined forces in June 2008 in a bid to tap the existing Sepa and mobile network operator infrastructures.

The partners envisage that new services will be managed by a so-called 'trusted service manager' (TSM), an entity that would provide a single point of contact for mobile service providers and which would also manage the distribution, configuration and activation of mobile services on NFC-enabled handsets.

(Source: Finextra, February 2010)

Discover Financial Services launches CardBuilder

Discover Financial Services has launched CardBuilder, an online tool that gives applicants the ability to select certain terms, rewards preference and card design. Discover says that, for the first time, "CardBuilder provides prospective cardmembers with the ability to design a card based on how they want to use their Discover card."

"Providing customization options continues to be a critical component in helping cardmembers manage their finances," said Anas Osman, vice president of acquisition at Discover Financial Services. "We understand that people use credit in different ways and are seeking flexible options that allow them to choose features that are most relevant to them."

Prospective Discover.com cardmembers can get started by selecting which option best describes their credit standing, as well as how they plan to manage their balance. This information helps identify the best offer available for the particular applicant. Next, users may select an option from each of the three CardBuilder customization offerings.

CardBuilder also enables users to choose which type of rewards program they prefer whether it's cash rewards (Cashback Bonus), airline miles or getting interest back for paying on time (Pay-On-Time Bonus). CardBuilder lets applicants get the most from their card depending on what features or benefits are most important to them.

Applicants can pick a specific plastic design by choosing from 28 of the most popular card designs, including those with art, botanical, monogram, pets, sports, wildlife and patriotic themes.

(Source: PaymentsNews, February 2010)

Scheme news

Debit delivers for Visa Europe

Visa Europe's 2009 financial results provide evidence that debit payment continues to grow, and now accounts for 75 percent of all Visa card payment volume in Europe.

Significantly, while debit card numbers showed modest overall growth compared to 2008 (at a little over 3 percent), POS transaction numbers increased by almost 10 percent, and point of sale spending rose by more than 6 percent.

Visa Europe's fiscal 2009 ended in June of that year, with the total number of Visa cards (credit, debit, commercial and other) issued across the region amounting to over 380 million, a rise of 5 percent compared to 2008. Purchases and cash withdrawals made on these cards totalled €1.3 trillion (\$1.8 trillion). Some 11.2 percent of consumer spending at the POS in Europe was made with a Visa card.



The number of POS transactions grew by more than 8 percent, suggesting that consumers are using their Visa cards for an ever increasing proportion of their everyday spending – and, consequently, the average value of these POS transactions fell by four percent to €50.30.

However, the rate of growth for both POS expenditure and cash withdrawals on Visa cards has slowed significantly compared to 2008's results, indicating that European consumers still retain a cautious attitude to card spending.

CI analysis of Visa Europe's results show POS expenditure grew by only 3.7 percent in 2009 to reach €856 billion, whereas in 2008, the growth rate was 10.37 percent. Meanwhile, cash withdrawals grew by only 2.56 percent last year, compared to 8.15 percent in 2008.

However, it is clear that debit is the mainstay of Visa Europe's strategy, complemented by the advent of contactless payment for low-value transactions and prepaid cards.

Visa Europe CEO Peter Ayliffe said: "There are currently six million contactless cards in Europe but by the end of 2010 we expect there to be 12 million.

"Contactless payments will be as radical a change in the way we pay as e-commerce has been in the last 10 years. It provides a serious alternative to using cash for making small, everyday payments. It means less queuing and more convenience for consumers while increasing sales and lowering costs for retailers."

Visa Europe's V PAY debit solution is also gaining traction, with more than 7.5 million cards issued by the end of 2009. Over 120 banks in Europe are committed to issuing V PAY for a total of 50 million cards. E-commerce also represents a huge growth sector for Visa, and now accounts for 20 percent of all Visa spending in Europe.

(Source: VRL Financial News, February 2010)

Discover partners with Korea's BC Card

Discover Financial Services has announced an agreement with BC Card, a Korean payment network, that will enable BC Card cardholders to utilize the Discover, Diners Club International and PULSE networks for international purchases and cash access outside of Korea.

"This agreement marks another expansion of Discover's growing global network, connecting more merchants and ATMs with more cardholders throughout the world," said Diane Offereins, executive vice president for payment services at Discover. "Expanded BC Card acceptance will increase transaction volume on all of our networks and provide global access to our new partner, BC Card."

Founded in 1982, BC Card is the largest domestic payments network in Korea with over 32 percent market share in one of the world's top credit card markets. BC Card has over 52 million cards in Korea today, issued by 11 financial institutions.

"Our new alliance with Discover opens the door to providing BC Card customers with more opportunities to make purchases and access cash around the world, especially in the U.S.," said Chang Hyung-duk, president and CEO of BC Card. "These robust network capabilities deliver growth opportunities for our issuers and new value for our cardholders."

(Source: PaymentsNews, January 2010)

MasterCard Incorporated reports fourth-Quarter and Full-Year 2009 financial results

MasterCard Incorporated has announced financial results for the fourth quarter and full-year 2009. The company reported fourth quarter net income of \$294 million, or \$2.24 per diluted share, including an after-tax severance charge of \$0.19 per diluted share. The company's total operating expenses, other income, effective tax rate, net income and earnings per share, excluding special items, are non-GAAP financial measures that are reconciled to their most directly comparable GAAP measures in the accompanying GAAP reconciliations.



Net revenue for the fourth quarter of 2009 was \$1.3 billion, a 6.0% increase versus the same period in 2008. Currency fluctuations (driven by the movement of the euro and the Brazilian real relative to the U.S. dollar) contributed 3.8 percentage points of the increase in net revenue for the quarter. The higher net revenue in the fourth quarter this year benefited from:

Pricing changes of approximately 5 percentage points;

- An increase in cross-border volumes of 3.9%;
- A 6.7% increase in the number of transactions processed, to 5.9 billion; and
- Growth of 5.3% in MasterCard's gross dollar volume, on a local currency basis, to \$674 billion.

The net revenue growth was somewhat tempered by an increase in rebates and incentives primarily due to new and renewed customer agreements.

Worldwide purchase volume during the quarter rose 5.7% on a local currency basis, versus the fourth quarter of 2008, to \$510 billion. As of December 31, 2009, the company's customers had issued 966 million MasterCard cards, a decline of 1.3% over the cards issued at December 31, 2008.

"In 2009 we took important steps to maintain MasterCard's bottom-line growth, and as a result delivered another quarter and year of solid financial results," said Robert W. Selander, MasterCard chief executive officer. "We remained focused on the needs of our customers, and continued to add value amid a challenging economic environment. For example, we recently announced a significant debit win in the U.S. with SunTrust and the first consumer inControl implementation with Barclaycard in the UK." Selander commented, "Throughout the year, we greatly improved our expense management and realigned our organization to capitalize on the most promising growth opportunities, from both a geographic and product development standpoint.

(Source: MasterCard, February 2010)

American Express reports fourth Quarter EPS from continuing operation of \$0.59

American Express Company has reported fourth-quarter income from continuing operations of \$710 million, up 132 percent from \$306 million a year ago. Diluted earnings per share from continuing operations were \$0.59, up 127 percent from \$0.26 a year ago.

Net income totaled \$716 million for the quarter, up 198 percent from \$240 million a year ago. Diluted per-share net income of \$0.60 was up 186 percent from \$0.21 a year ago.

Consolidated revenues net of interest expense were \$6.5 billion, on par with the year-ago quarter.

Consolidated provisions for losses totaled \$748 million, down 47 percent compared to \$1.4 billion in the year-ago period. The decline reflected continued improvement in credit quality during the latter part of 2009.

Consolidated expenses totaled \$4.8 billion, on par with the year- ago quarter. This quarter's results reflected higher investment in business building initiatives and the benefits of the company's reengineering initiatives. The year-ago quarter included a significant reengineering charge.

The company's return on average equity (ROE) was 14.6 percent, down from 22.3 percent a year ago.

"We ended the year on a positive note with cardmember spending up 8 percent and credit indicators showing further signs of improvement," said Kenneth I. Chenault, chairman and chief executive officer.

"Fourth quarter results reflected the diversity of our business model that includes issuing cards, building business for merchants, operating a global payments network and delivering high-value services to our customers. Earnings were well above the depressed levels of 2008, capping a year when we delivered on each of our three main priorities. We stayed consistently profitable, built a more liquid funding base and invested selectively in the business.

"This progress, and the underlying strength of our franchise allowed us to maintain our dividend at a time when many others cut or eliminated their quarterly payment to shareholders."

"We still face the challenge of high unemployment levels, depressed real estate values, and shrunken household balance sheets, but the overall economy and our company are in stronger shape than they were a year ago.

“While the economic recovery now underway is likely to be modest, we expect it to continue and have begun to shift our focus to growing American Express for the longer term.”

“We aim to extend our payments business, offer new fee based services, and accelerate our progress in the world of emerging payments. At the same time, we will focus on creating a more efficient cost structure and delivering superior service that strengthens our relationships with cardmembers, merchants and business partners. We continue to see opportunities to extend our market leadership and distinguish American Express from its competitors.”

During the fourth quarter, non-U.S. revenues, provisions and expenses were higher due to the translation effects of a comparatively weaker U.S. dollar

(Source: America Express, January 2010)

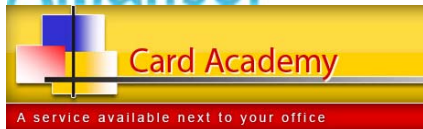
Visa Europe discusses long term financial solutions for consumers

Visa Europe yesterday brought together a range of stakeholders from the payments & consumer sector as well as European policymakers to discuss best practices and possible long-term solutions to improve consumers' financial capability. A half day conference held in the European Parliament in Brussels addressed issues such as the importance of a tailored approach to educate consumers and the role regulators and financial institutions have in financial education. Speakers and participants agreed that public and private bodies need to work together to find a common solution on financial education. Professor Umberto Filotto, Chair of the conference and renowned Professor of Banking Management and Retail Banking at Università di Roma “Tor Vergata”, presented the latest results of his studies on financial education which led to the development of a Monitorata (www.monitorata.it), a self credit assessment and educational tool. Professor Filotto said: “In order to allocate resources wisely it is absolutely necessary to develop reliable methodologies to evaluate the effectiveness (in terms of learning and of behavioural redressing) of the different educational initiatives. This is the objective of our future research and we are convinced that this program should have a European perspective.” The European Commission representatives stressed the importance of financial education for consumers and announced that an event to launch a new module on financial literacy in Dolceta (www.dolceta.eu), the online adult consumer education tool, financed by the Commission, is planned for the spring.

Monica Monaco, Senior Manager Regulatory Affairs at Visa Europe, explained the background to this event: “We believe that balanced markets rely on consumers' ability to make informed choices between different products. The creation of a European single market for financial services brings huge opportunities and choice for consumers. But it is only when consumers understand how to get the most value from the increased number of products and services on offer, that they will be able to reap those benefits.”

During the event, participants discussed the effectiveness of individual initiatives which are springing up across Europe ranging from web portals, such as Visa Europe's <https://www.bettermoneyskills.com/home.aspx>, to consumer leaflets, interactive modules and face to face training. Participants then discussed solutions to help consumers cope with dramatic economic changes before exploring the idea of developing a European Financial Capability Action Plan. Hosting the event, Member of the European Parliament, Gianni Pittella, summarised the issue by saying that “It is absolutely crucial that relevant measures are taken to ensure that European consumers understand the financial products they are buying.”

(Source: Visa Europe, January 2010)



Whilst Alliansor Card Academy has used reasonable efforts to obtain information from sources which it believes to be reliable it does not make any representations or give any warranties or guarantees that the information provided or any opinions expressed herein are accurate, reliable or complete and none should be relied upon as statements of fact. In no event, including (without limitation) negligence, and in no circumstances will Alliansor Card Academy be liable for any loss or damage of any kind whatsoever, including (without limitation) any direct, special indirect or consequential damages, caused by the use of or reliance upon information provided or opinions

Contact information

Kurt Andersen
Head of Card Academy
Phone: +45 21 29 68 40
Mail: kurt.andersen@card-academy.com

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

Next issue of the Card Academy Bulletin will be on 22nd February 2010.

