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Latest news from CAC card academy

Welcome to CAC card academy

CAC card academy is a privately held company with our main focus divided into three main areas of business:

CAC Consulting - through which we support your business on assignments such as "Market Entry Strategies", "RFI/RFP processes" and "Product & Service Implementations".

CAC Conferences - where we organize Payment Card Conferences in the Nordics and Baltic Rim countries. Our current conferences cities are Riga, Copenhagen and Reykjavik – expanding into Oslo, Helsinki and Stockholm.

CAC Competences - where our objective is to provide our clients with introductions and more detailed seminars or workshops on issues related to International Cards.

Yours sincerely,

Kurt Andersen
Managing Director
CAC card academy





The Nordic and Baltic States news

CAC card academy to announce venues and dates for CAC Conferences 2012

Following our very successful conferences in Riga, Copenhagen and Reykjavik this year, we are very pleased to announce our tentative program for CAC Conferences 2012.

Based on the core ingredients of being *Local yet Global, About today's business, Next to your office* and last but not least *Cost/Efficient*— these two-day's conferences will each be available at a **conference fee of €499** (not including VAT) per delegate.

The 2012 CAC Conference program currently includes:

- *Helsinki, Finland – 14/15 February 2012*
- *Riga, Latvia – 27/28 March 2012*
- *Copenhagen, Denmark – 8/9 May 2012*
- *Stockholm, Sweden – 25/26 Sept. 2012*
- *Reykjavik, Iceland – 23/24 October 2012*
- *Oslo, Norway – 13/14 November 2012*

Please do not hesitate to contact us for further information on Branding packages and Speaker opportunities.

(Source: CAC card academy, September 2011)

HELSINKI	€ 4 9 9
RIGA	€ 4 9 9
COPENHAGEN	€ 4 9 9
STOCKHOLM	€ 4 9 9
REYKJAVIK	€ 4 9 9
OSLO	€ 4 9 9

Verisec modernizes Key Management in cooperation with Point

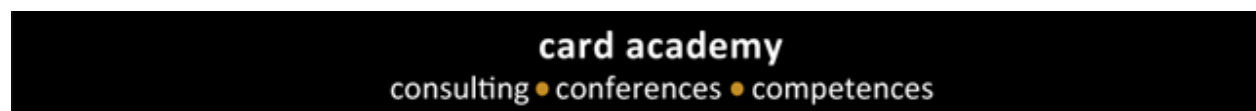
Verisec has developed a new key management system that electronically keeps track of all the processes that govern the generation, storage and distribution of cryptographic keys. The system is called Chiave and it will make it safer and easier for banks and payment processors to manage cryptographic keys in large volumes.

Cryptographic keys are used to ensure the identity of credit card holders, secure ATM and POS transactions, and to protect information sent over the payment network. Based on requirements and specifications drawn up in dialogue with Point and other leaders in the payments industry, Verisec has created a new system for managing these keys.

“Secure key management is critical when creating safe electronic payments, and the system we have developed sets a new standard when it comes to meeting the industry’s security requirements. Chiave replaces manual processes with automated ones, which reduces the risk of human error and minimizes the risk of interruptions in the payment networks. We have centralized key management and use advanced hardware encryption that greatly enhances security.

Meanwhile, as the processes associated with the generation, storage and distribution of keys become more efficient, significant environmental benefits are created”, says Johan Henrikson, Verisec’s CEO.

Dimitri Binazzi, Chief Security Officer at Point, comments on the collaboration:





"Point is the European leader in electronic payments and is at the forefront when it comes to incorporating security into payment systems. Our POS terminals always meet the industry's rigorous security requirements largely because we work with manufacturers and suppliers when formulating demands and specifications. This is also how we worked with Verisec, and we are very pleased with the end result. Chiave is a state of the art key management system that solves most of the problems that the payment industry demands Point be able to handle."

(Source: Point International, September 2011)

Europe & World Wide news

EC launches antitrust investigation into EPC and e-payments market

The EC has opened an antitrust investigation into whether the European Payments Council (EPC) is blocking new, non-bank, players from entering the online payments market. The EPC acts as the coordination and decision-making body of the European banking industry for payments. It works for its members - major banks such as Barclays, BNP Paribas and HSBC - to help build an integrated European payments market through Sepa.

The Commission says it supports Sepa and recognises the importance of standardisation in promoting economic integration. However, following a complaint, it will now look in to whether the standardisation process for e-payments is locking out new entrants.

Its investigation is to make sure "competition is not unduly restricted, for example through the exclusion of new entrants and payment providers who are not controlled by a bank". Such restrictions would lead to higher prices for Web merchants and ultimately consumers, says the EC.

Joaquín Almunia Commission, VP in charge of competition policy, EC, says: "Use of the Internet is increasing rapidly making the need for secure and efficient online payment solutions in the whole Single Euro Payments Area all the more pressing. I therefore welcome the work of the European Payments Council to develop standards in this area. In principle, standards promote inter-operability and competition, but we need to ensure that the standardisation process does not unnecessarily restrict opportunities for non-participants."

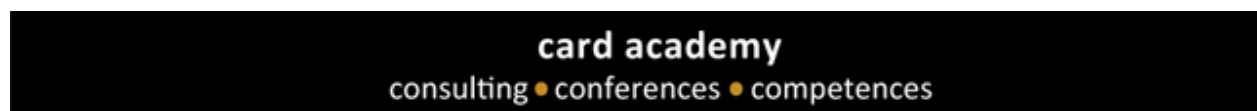
Responding to the news, Gerard Hartsink, chair, EPC, says: "The EPC is continuously providing full and transparent information available to all stakeholders, including the European Commission, on the EPC's activities in the area of online payments. To-date, related work remains in progress and no final documentation has been published. The EPC therefore does not support the allegations by DG Competition that the EPC's work in this area could potentially discriminate against new market entrants or other service providers."

(Source: Finextra, September 2011)

SK Telecom introduces world's first USIM card

SK Telecom (NYSE:SKM) has announced that it developed the world's first USIM card equipped with a Near Field Communication (NFC) chip, called 'NFC on USIM,' to enable NFC-based services on non-NFC handsets.

NFC is a near-field wireless communication system that uses 13.56MHz frequency for data exchange between two devices in close proximity to each other (approximately 10 centimeters). Unlike Radio Frequency Identification (RFID) that only enables reading, NFC allows two-way transmission of data,





thereby enabling both reading and writing. NFC can be applied to a wide range of areas including mobile finance, mobile payment and user authentication.

NFC on USIM, developed with SK Telecom's own technology, is a special USIM card embedded with a 13.56MHz antenna, NFC chip and USIM chip.

Developed in line with the company's efforts to minimize customers' cost burden, NFC on USIM can be simply inserted into customers' existing mobile phones to enable the use of a wide range of NFC services including mobile finance/ payment service. Previously, customers had to buy a mobile handset with a built-in NFC chip, or so-called NFC phone, to use the NFC function.

The sharp increase in the number of handsets that offer NFC function through NFC on USIM is expected to fuel the spread of NFC-based services and lead to the development of diverse related services.

NFC, currently used mainly for mobile finance and mobile payment services like mobile credit card, has the potential of giving birth to many relevant services, as a handset inserted with a NFC on USIM card can itself serve as the reader that enables peer-to-peer communication unlike Radio Frequency Identification (RFID) that can only be used at places where readers are pre-installed.

For instance, NFC-enabled handsets can be used for reception of stores' product information including special discount price; mobile advertisement; real-time account transfer between NFC handset holders; real-time use of coupons; electronic business cards; hotel check-ins; tag-based door lock (instead of password-based door lock); and user verification for PCs.

SK Telecom has plans to commercialize NFC on USIM in October 2011 for enterprise customers and will open NFC on USIM- related Application Programming Interface (API) to outside developers to boost the development of diverse NFC-based services.

Moreover, the company aims to provide NFC on USIM to the overseas markets including China to accelerate the spread of NFC-enabled handsets and the mobile payment infrastructure. It also plans to export Korea's advanced mobile finance/ payment solutions overseas, thereby helping Korean small- and medium-sized enterprises (SMEs) expand their business to the international markets.

Ihm Jong-Tae, the Head of Institute of Network Technology at SK telecom said, "With the increase of NFC-enabled handsets supported by NFC on USIM, SK Telecom expects to boost the creation and adoption of NFC services, which has been chosen as one of the company's future growth engines. SK Telecom will position itself as the leader in the NFC-based business by constantly developing relevant technology and implementing appropriate business enhancement measures."

(Source: SK Telecom, September 2011)

First Visa Debit Contactless card for Euro mass transit

Banca Comerciala Romana (BCR) recently issued the first contactless debit card with mass transit application in Europe. The card bears the Visa label and comes with a loyalty programme for the cardholders.

The BCR contactless card uses the same technology as TFL's (Transport for London) Oyster cards, which allows travellers in the Romanian capital to pay for their Tube or bus fare by simply swiping their card past a card reader. The bank worked in conjunction with Bucharest Transport Company to allow travellers to combine their debit and regular transport cards into the same piece of plastic.



“BCR is one of the 40 member banks that issue contactless cards at present. It is testimony that banks in Europe’s emerging markets can build products which leverage the newest technology and represents models of insight to those operating in more advanced markets”, commented Bilge Burak, Head of Group Card Management, Erste Group.

The “Smile” programme – as the card is marked by the bank- provides the 1.9 million citizens of Bucharest with the opportunity to own the first debit contactless card with a MiFare transit application in the world. At the same time, it will allow BCR’s customers to enjoy the convenience of contactless payments at merchants and on their preferred means of transportation. The cardholders benefit from a very rewarding loyalty scheme when using the card at various merchants.

(Source: CardsNow2U, September 2011)

Scheme news

New American Express Merchant financing program

As small and medium-sized businesses (SMBs) struggle with access to capital in today’s tight credit economy, American Express today announced the launch of [American Express Merchant Financing](#), a set of financing products that provide qualified merchants with quick and simple access to cash for their business needs. Eligible merchants now have the opportunity to leverage their relationship with American Express to tap into a convenient and hassle-free source of capital, which is repaid automatically through settlement charges and accompanied by low fixed fees.

American Express maintains direct relationships with its merchant customers and as a result, has a unique ability to meet merchant needs. This innovative financing program enables SMBs to better manage their cash flows on a regular basis and, ultimately, grow their businesses.

American Express Merchant Financing is specifically designed for SMBs that meet a basic set of criteria, including generation of \$100,000 to \$10,000,000 in American Express charge volume per year, a minimum two-year merchant tenure with American Express and no prior account delinquencies. The program offers two lending options for accessing capital:

- **Monthly** – A one-year term with 12 monthly loan disbursements each up to \$500,000, where the cash financing amount is extended at the beginning of each monthly period and is repaid in full by the end of each monthly period. The financing amount is based on projected American Express charge volume. A fixed financing fee is charged each month on the financing amount. There are no other fees associated with this product.
- **Annual** – A one-time loan disbursement that is equal to 25% of projected annual American Express charge volume, up to \$750,000, where the loan is paid down in full by the end of the one year financing term. A fixed financing fee is charged on the annual financing amount. There are no other fees associated with this product.

In stark contrast to traditional commercial lending vehicles, American Express Merchant Financing products provide cash within three business days of enrollment, include an automatic repayment process based on the merchant’s American Express Settlements and require no personal guarantee. Currently, the program is open to qualifying businesses in good standing with American Express. The simple application process, fast approval and competitive pricing ensure that SMBs can gain flexibility and control in navigating common cash flow management issues.



“Access to operating capital is an ongoing challenge for smaller businesses, as it has become extremely difficult to secure a reasonable loan. In order for these merchants – key drivers of the U.S. economy – to grow and expand, they need a fair alternative,” said Bill Glenn, President, Global Merchant Services, American Express. “As a strong advocate for small business, American Express is continually seeking innovative solutions to help these businesses thrive. With American Express Merchant Financing, we’ve found a way to use our unique business model to fill the financing void for these vitally important merchants,” Mr. Glenn added.

(Source: BusinessWire, September 2011)

Visa Europe unveils mobile P2P payments and alert services

Visa Europe's member banks will be able to offer their customers mobile person-to-person payment and alert services from next month.

The card giant inked a deal with UK mobile money specialist Monitise - in which Visa holds a minority stake - earlier this year to develop a range of services for banks.

The P2P payments system will allow registered users to transfer funds to any Visa cardholder in Europe from their mobile phone. The app makes it easy to send money to an address book contact, to a mobile phone number, or to a specific Visa card number - whether or not the recipient is registered with the service.

At launch the service will only be available through an English-language Android app and will support transfers in a single currency for Visa and V PAY cardholders within Europe. Support for other operating systems, multiple currencies and payments to and within non-European countries will be added over the next few months.

Meanwhile, the alerts system notifies registered cardholders on a real-time basis whenever their card has been used to make a purchase or to withdraw cash through Visa Europe's payment network.

Peter Ayliffe, CEO, Visa Europe, says: "The way we pay is changing, driven by the rapid uptake of new technologies and growing consumer demand for more flexible payments...We are already seeing early adoption of mobile payments, and in the coming months we will see the arrival of mainstream NFC technologies, advanced loyalty and e-commerce services, and ultimately, the launch of a new digital wallet."

(Source: Finextra, September 2011)

Visa and Google sign licensing deal to boost mobile payments

Visa Inc, Visa Europe and Google has announced that Google has received a worldwide license to Visa payWave, an innovative NFC-based payment technology. Visa payWave enables consumers to make fast and secure payments at retail locations by waving their mobile phone in front of a payment terminal and is currently accepted at hundreds of thousands of retail locations worldwide.

“Mobile technology is transforming how people pay for goods and services,” said Jim McCarthy, global head of product, Visa Inc. “This agreement builds on Visa’s strategy of enabling consumers to make mobile payments with whatever device they choose using the trusted accounts they already have.”

“This agreement extends Google Wallet to Visa account holders worldwide,” said Stephanie Tilenius, vice president of Commerce and Payments at Google. “This is a crucial step towards realizing our shared vision for the future of mobile commerce – one that creates a rich shopping experience for consumers and merchants alike.”



This news furthers Visa's progress in making its products available as a payment option in any digital wallet. This includes Visa's own digital wallet announced earlier this year which is designed to provide consumers with "click-to-buy" payment functionality and access to their Visa and non-Visa accounts using a personal computer or smart phone, to make purchases online and at retail locations.

Google Wallet is designed to enable an open commerce ecosystem enabling consumers to carry payment cards, offers, loyalty and gift cards -- and eventually much more. Google is also working with top retail brands to create a new mobile shopping experience.

(Source: Visa Europe, September 2011)

The development in share value for the major four Credit Card companies

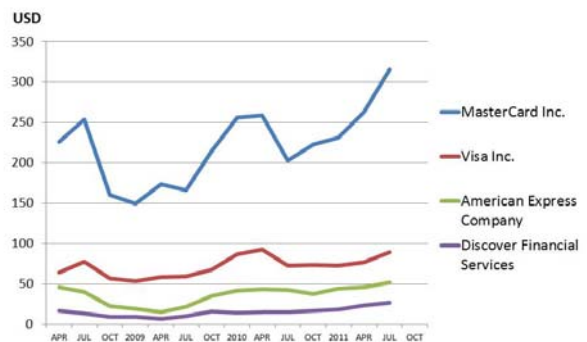
Based on updates from the NYSE please find enclosed the development in share values for the major four Credit Card companies worldwide – MasterCard Inc., Visa Inc., American Express Company and Discover Financial Services.

All share values are in USD (\$), and they are shown quarterly.

On the slide to the right you find the development in share value – starting from April 2008 onwards.

(Source: NYSE, September 2011)

Share Value – Credit Card Companies





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CAC card academy is a privately held company with its office based in Copenhagen, Denmark. Over the last 20 years the founder of the company has worked in the payments industry – on a wide range of business and technical areas across Europe.

Based on our knowledge and experience on issues related to Banking, International Cards and Retail business our main focus is divided into three main areas of business;

CAC Consulting – through which we support your business on assignments such as “Market Entry Strategies”, “RFI/RFP processes” and “Product & Service Implementations”.

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In addition to the above we issue our electronic newsletter – **Card Academy Bulletin** – free of charge, and distributed via e-mail every second week.

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