

Electronic Payments Forum News

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UPDATE

April, 29th 2009

Has the prepaid debit bank card outlived its stereotype?

Recent surveys conducted by the Center for Financial Services Innovation (CFSI) indicate that the time has come to redefine the role of the bank issued prepaid debit card. The prepaid bank card has evolved into many verticals including gift, payroll, insurance, health, benefits, incentive and promotional financial instruments. However the evidence is mounting that a significant segment of the under banked population are using reloadable general spend cards as an alternative to traditional checking accounts; which begs the question: Where is the line of demarcation and is one necessarily an account that is opened for the benefit of a bank customer and is FDIC insured and Reg. E, BSA and OFAC compliant is for all intents and purposes a bank account.

In one survey " The authors studied both AccountNow and NetSpend and said: "Prepaid cards are a helpful financial tool, and users appreciate their features. Prepaid cards may also help consumers achieve short-term financial goals, such as paying off debt and accumulating emergency savings. However, achieving longer-term financial goals will likely require more intensive and comprehensive services and products that extend beyond what prepaid cards currently offer."

In the other survey the Network Branded Prepaid Card Association (NBPCA) and the Center for Financial Services Innovation have partnered to release what they are calling "the first large, in-depth survey of under banked consumers currently using reloadable prepaid cards. It found that 94 percent of users said the cards were useful and 94 percent would recommend a reloadable prepaid card to someone else."

Under banked consumers use cash, money orders and a mix of check cashing, payday loans and other non-traditional arrangements to manage their finances on a day-to-day basis. In the survey, these consumers cited a wide range of benefits as reasons for the high satisfaction rates with reloadable prepaid cards:

- Protection of funds if the card is lost or stolen (84 percent)
- Security because of the ability to carry less cash (77 percent)
- Budget control because of the ability to spend only the amount that is on the card (76 percent)
- Value versus alternatives such as check cashing locations, money orders or credit cards (72 percent)
- Straightforward pricing (81 percent)
- The ability to gain the social (80 percent) and practical (83 percent) benefits of utilizing plastic

For survey results and to read excerpts of the online chats please visit the NBPCA website at

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<http://www.nbpca.com>

The survey was conducted March 2-5, 2009 with 400 adult consumers with incomes less than \$30,000 per year who are currently utilizing reloadable prepaid cards and alternative financial services. The margin of error is +/-4.9% at the 95% confidence level.

The latest [G.19 Consumer Credit data for February 2009](#) released yesterday by the Federal Reserve shows a dramatic decline in revolving credit - declining at an annual rate of 9-3/4 percent for the month. Overall, consumer credit decreased at an annual rate of 3-1/2 percent in February 2009 and nonrevolving credit increased at an annual rate of 1/4 percent.

A. Lyle Elias
ATMIA Funding Director

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MasterCard Launches 'ATM Hunter' On Apple iTunes App Store

MasterCard has announced that the MasterCard ATM Hunter application is now available as a free download on the Apple iTunes App Store. ATM Hunter lets iPhone and iPod touch users easily locate the nearest ATM no matter where in the world they are.

MasterCard is focused on delivering innovative applications and services that help make life easier not only for MasterCard cardholders, but for consumers,” said Cheryl Guerin, Senior Vice President, Global Digital Marketing, MasterCard Worldwide. “With MasterCard ATM Hunter on iPhone and iPod touch, users will no longer be detoured and slowed down looking for the nearest ATM and can instead spend time doing things they enjoy.”

MasterCard ATM Hunter utilizes the iPhone or iPod touch’s location awareness technologies to pinpoint the search. Users can customize the search based on their unique banking needs – such as focusing their search to a specific financial institution if they need to make a deposit or wish to avoid ATM withdrawal fees. MasterCard ATM Hunter can also pinpoint wheelchair accessible, drive-through, or 24-hour access ATMs and provide the directions to get there. Additionally, MasterCard ATM Hunter automatically provides users with helpful ATM safety tips.

Powered by the MasterCard Location Services platform, MasterCard ATM Hunter is the latest delivery channel for ATM location information on MasterCard. Each year, more than two million consumers contact MasterCard via the Web, phone and wireless (SMS) to find ATM locations when they need them, wherever they are – quickly and easily.

MasterCard ATM Hunter is the first in a series of free applications that MasterCard is developing specifically for iPhone and iPod touch.

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Wincor Nixdorf grows during the first half and holds on to forecast despite slower growth

Wincor Nixdorf AG closed the first six months of fiscal 2008/2009 with an increase of 4% in net sales and 2% in operating profit (EBITA). An investment in IT solutions for bank branches and retail stores, Wincor Nixdorf increased its net sales in the first half of the year to 1,234 million euros (1,183 million euros) and EBITA to 103 million euros (101 million euros). Profits for the period rose by 5% to 64 million euros (61 million euros). President and CEO Eckard Heidloff made clear when the figures were announced, the positive result for the first half as a whole was mainly influenced by a good start to the fiscal year in the first quarter. Net sales in the second quarter were 588 million euros (581 million euros), representing an increase of 1%. "This slowdown shows that we too are feeling the impact of the economic crisis."

Heidloff noted that it was still not clear how extensive the effects of the crisis would be and how long it would ultimately last. He also emphasized that Wincor Nixdorf would continue to strive to exploit the many good opportunities in the market and thus achieve its targets for the current fiscal year. "On the basis of what we know up to now, we are holding firm to our forecast that our net sales and operating profit will be roughly on a par with the previous year."

Wincor Nixdorf is well positioned with a cost-efficient portfolio of solutions

However, the company's ability to achieve this goal will depend greatly on the impact the economic crisis has on retailers and retail banks. On the one hand, Wincor Nixdorf is noticing a declining willingness to invest as a result of the crisis. On the other, its own portfolio of software and services is having a significant stabilizing effect on the company's business. Moreover, Wincor Nixdorf is well positioned with a portfolio that helps its customers save money, and is registering continuing interest in solutions designed to optimize processes and reduce costs. In view of this, the company is keeping to its strategy of future-oriented expansion and further development of its solution portfolio in order to continue offering its customers innovative concepts and to position itself for the post-crisis market. At the same time, it is continuing its efforts to flexibilize cost structures and reduce its own cost levels.

Wincor Nixdorf's development in the regions inconsistent

The company again performed inconsistently in the regions: sales revenues in Germany in the first half soared by 26% to 336 million euros (265 million euros). As a result, business in Germany accounted for 27% (23%) of total sales. Sales in the second quarter improved to 181 million euros (169 million euros) or by 40%.

In Europe (excluding Germany), sales in the first six months were 577 million euros (631 million euros), 9% down year-on-year. Europe again contributed the largest share to the Group's total sales: 47% (53%). Net sales in the region fell in the second quarter by 18% to 245 million euros (293 million euros).

A significant driver behind net sales growth in the period under review was the Asia/Pacific/Africa region, which posted an increase of 20% to 118 million euros (182 million euros), representing an increase of 5% when calculated in US-Dollar. The region thus accounted for 18% (15%) of total sales. Net sales increased by 17% in the second quarter to 118 million euros (101 million euros).

Business in the region America fell slightly in the first half by 1% to 102 million euros (103 million euros), a decline of 14% in US-Dollar terms. As a result, the share this region contributes to total sales fell to 8% (9%). Net sales in the second quarter decreased 17% to 44 million euros (52 million euros).

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Banking and retail contribute to growth

Banking and retail business both made contributions to growth. Net sales in the banking segment rose in the first half by 6% to 866 million euros (808 million euros). Net sales in the second quarter were down 1% year-on-year at 410 million euros (413 million euros).

figure in the retail segment improved slightly in the period under review by 1% to 368 million euros (365 million euros). In the second quarter, net sales rose to 178 million euros (168 million euros), an increase of 6%.

When broken down by types of business, net sales from hardware business fell slightly by 1% to 711 million euros (715 million euros). In contrast, software/services business recorded an increase of 12% to 523 million euros (468 million euros). As a result, hardware business accounted for 60% (60%) of total sales. The share contributed by software/services business rose accordingly to 42% (40%).

The number of persons employed at the Group fell by 96 to 9,364 up to and including March 31, 2009 (September 30, 2008: 9,460).

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Hypercom, Ingenico, VeriFone Launch SPVA Payment Security Alliance

Hypercom, Ingenico, and VeriFone have [announced](#) the formation of the [Secure POS Vendor Alliance - SPVA](#), a non-profit business organization dedicated to implementing common payment security standards among vendors of secure point-of-sale (POS) devices used by retailers, acquirers and cardholders alike.

SPVA will increase awareness of security issues, encourage adoption of best practices and ease consistency among standards that govern separate components and participants in the payment environment. The SPVA founders recognize that stakeholders' consistent adherence to security standards and rules are a vital necessity in the continued growth of the electronic payments industry.

SPVA will encompass the companies that provide the key security elements among consumers, merchants and transaction acquirers and issuers. Members of the SPVA deliver a unique global experience with security standards, ensure best practice implementation and continue to drive the security enhancements and interoperability required to reduce fraud and lower risk for all participants in card payment transactions.

Membership is open to all payment industry stakeholders. The SPVA encourages general membership among all vendors that develop secure POS payment systems, and associate membership among organizations who sell or utilize products or solutions that interact with secure POS payment systems: retailers, acquirers, software vendors, ECR vendors, banks and other standard setting associations.

Hypercom, Ingenico and VeriFone, as founding members of the new alliance, will serve on the SPVA managing committee, along with two other members to be elected by the membership in the coming months. The founding members have appointed the following individuals to serve a one-year term as executive managers of the alliance:

- Christophe Dolique – will serve as SPVA Chairman and is EVP, Global Marketing & Transaction Services at Ingenico
- TK Cheung – will serve as SPVA Vice Chairman and Chief Technology Officer and is the VP, Global Quality and Security at Hypercom
- Paul Rasori – will serve as SPVA Secretary/Treasurer, and is the SVP, Global Marketing at VeriFone

The primary objective of the SPVA will be to bring together industry experts to participate in "Technical Working Groups". Through their participation, SPVA members can contribute to enrich and develop future security guidelines and acquire first-hand knowledge of current security threats.

Initially, the SPVA will create Technical Working Groups that will focus on critical security topics, such as:

- Standardized Implementation of Existing Security Standards – with the goal to release a common interpretation of existing security standards. This includes fostering widespread compliance to those promulgated by the Payment Card Industry (PCI) Security Standards Council, EMVco and European Payments Council (EPC).
- Security of the Payment Device Lifecycle – aimed at developing end-to-end lifecycle management protocols to ensure digitally signed applications, track and manage devices in the field, and suggest security standards and audit procedures over development, manufacturing, supply chain, deployment and repair.
- End-to-End Encryption – to create recommended implementation guidelines for the encryption of cardholder data utilizing hardware level security
- Security Threat Analysis and Intelligence – to provide education and resources to educate members of current threats and ways to mitigate them.

When these types of guidelines and standards are fully developed, the SPVA will establish an "SPVA approval" program targeted at Secure POS vendors wishing to display the SPVA Logo on their solutions. Merchants, Acquirers and Processors choosing SPVA-approved solutions can then be assured of the highest level of security currently available.

VeriFone, Ingenico and VeriFone hope to act as a catalyst and kick off a common initiative by establishing a forum for industry-wide cooperation. By combining their expertise in the payment systems arena, the three companies are committed to succeed in accelerating widespread adoption of enhanced security guidelines," Christophe Dolique, SPVA Chairman, says. "Security is the cornerstone of the electronic payment industry and its continuous enhancement among the payment value chain is mandatory to protect all stakeholders' interests. In the meantime, security must also be synonymous with convenience, cost control and the ability to be easily deployed and maintained. To address this dual challenge, the industry requires a common view through which experiences can be shared and best practices developed. This is the goal of the SPVA."

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Sino Payments Completes Global Processing Platform System in China

HONG KONG--(Marketwire - April 23, 2009) - Sino Payments, Inc. (OTCBB: SNPY) has completed its Global Processing Platform (SinoPay GPP) and is in the process of deploying this solution in Shanghai to provide IP credit and debit card processing services to its customers in China. The updated SinoPay GPP system will facilitate the processing of all credit card types (Visa/MC/AMEX/Diners/Discover/JCB) and will be integrated with China UnionPay to provide processing of UnionPay Debit cards in China.

In addition, the SinoPay GPP can be deployed in any country to provide efficient IP processing of all credit card types and has been specifically designed for roll out around the region in Asia.

Thomas Mecke, Chairman & CEO of Sino Payments, stated, "The deployment of our SinoPay GPP is the first step in Sino Payments providing modern payment processing systems to multinational retailers in Asia with modern efficient payment processing systems at checkout. Approximately 25% of customers in Asia are currently using credit or debit cards for purchases at supermarkets and large multinational and international retailers. Our SinoPay GPP system requires very little, if any, local customization when deployed in Asia outside of China so we are confident we will be growing our customer base throughout the region in the coming months."

For more information, contact Sino Payments, Inc.

Sino Payments is a Nevada incorporated US Company with offices in Hong Kong. Sino Payments' proprietary IP transaction processing system (SinoPay GPP) was designed to convert transaction processing systems from old type dial up point of sale systems connected to sophisticated POS terminals to a modern seamless IP transaction process, thereby reducing credit and debit card transaction processing times by half at checkout. Sino Payments focuses on providing IP credit and debit card processing services to large retail chains in China and throughout Asia including supermarket chains and large regional multinational retailers.

FORWARD-LOOKING-STATEMENT:

Except for factual statements made herein, the information contained in this press release consists of forward-looking statements that involve risks and uncertainties, including the effect of changing economic conditions, competition within the credit and security industry, customer acceptance of new products and other risks and uncertainties. Such forward-looking statements are not guarantees of performance, and Sino Payments, Inc. results may differ materially from those contained in such statements. These forward-looking statements speak only as of the date of this release, and Sino Payments, Inc. undertakes no obligation to publicly update any forward-looking statements to reflect new information, events or circumstances after the date of this release.

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VeriFone Announces PAYware SIM to Securely Integrate Payment Devices with Windows-Based Software

VeriFone Holdings, Inc. today announced PAYware SIM, providing a single interface to simply and securely integrate Windows-based POS systems with VeriFone's secure payment software solutions and consumer activated acceptance devices. The developer tool isolates sensitive

holder data from the POS application, and is designed to greatly reduce the complexity and associated costs of achieving compliance with PA DSS requirements.

PAYware SIM - Secure Integration Method - provides developers with an easy to integrate Windows DLL that allows their applications to seamlessly take advantage of the breadth of VeriFone's extensive card acceptance devices and payment processing engines. "PAYware SIM makes it really simple for us to integrate our Windows-based applications with VeriFone devices for our clients," said Keith Cal, president of 12:51:58, a provider of POS solutions for the global restaurant retail industry. "It is simple to execute, simple to manage and a great implementation tool. It also makes it easy to train people on our integrated systems so we can deploy them remotely."

In addition to PA DSS, our software has to comply with inventory information approval system standards for health benefit payment card transactions," said Ron Leonard, vice president of engineering with ScriptPro, a provider of pharmacy management and robotic dispensing systems. "PAYware SIM allows us to isolate these payment security issues from development of our core application. That results in a huge reduction in time to market."

PAYware SIM enables POS developers to support VeriFone software-based payment solutions, including IPCharge, PAYware Transact, PAYware PC, and PCCharge, and to accommodate card acceptance solutions including the PINpad 1000SE, the MX800 Series and the Vx 810. "PAYware SIM reduces application development costs and quickens time to market for integrators, full-service ISOs and retailers developing their applications," said Paul Rasori, VeriFone senior vice president of marketing. "By providing this secure development tool, we're also easing the effort to comply with PCI DSS requirements for secure payment systems."

PAYware SIM is available in late April and will be shipped with PAYware Development Kits directly from VeriFone.

See Harbor Statement under the Private Securities Litigation Reform Act of 1995 for VeriFone Holdings, Inc.:

This press release includes certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The statements are based on management's current expectations or beliefs and are subject to uncertainty and changes in circumstances. Actual results may vary materially from those expressed or implied by the forward-looking statements herein due to changes in economic, business, competitive, technological and/or regulatory factors, and other risks and uncertainties affecting the operation of the business of VeriFone Holdings, Inc. The risks and uncertainties include: the successful release of the PAYware SIM, the acceptance and adoption of PAYware SIM by our customers, our ability to protect against fraud, the status of our relationship with and condition of third parties upon whom we rely in the conduct of our business, our dependence on a limited number of customers, uncertainties related to the conduct of our business internationally, our dependence on a limited number of key employees, short product cycles, rapidly changing technologies and maintaining competitive leadership position with respect to our payment solution offerings. For a further list and description of such risks and uncertainties, see our filings with the Securities and Exchange Commission, including our annual report on Form 10-K and our quarterly reports on Form 10-Q. VeriFone is under no obligation to, and expressly disclaims any obligation to, update or alter its forward-looking statements, whether as a result of new information, future events, changes in assumptions or otherwise.

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Glimpse into the Interchange Fee Debate in Canada

In an article titled "[Credit card companies should stay out of the debit card market](#)", Craig McInnes writes for the Vancouver Sun about the costs to merchants of payment card acceptance. He discusses both the costs of rewards cards to merchants as well as a concern that replacing Interac debit cards would also increase costs to merchants. According to McInnes, "that would drive up the price of everything we buy."

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MasterCard's European Interchange Fee Methodology

In remarks given to a [press conference](#) yesterday, Neelie Kroes, European Commissioner for Competition Policy, noted that with MasterCard's

changes to its interchange fees in Europe, "the aim of the new MIFs to be applied by MasterCard is that a merchant's costs in accepting card payments should be no higher than the benefits from avoiding receiving cash." Yesterday, MasterCard announced new interchange fees for cross-border transactions on consumer credit card transactions at 0.3% and at 0.2% for its consumer debit card transactions.

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MasterCard Canada Responds to Retailer Concerns

[press release](#), MasterCard Canada said it "has accepted an opportunity to appear before the Senate Standing Committee on Banking, Trade and Commerce in order to discuss the payments industry, as well as to address the significant misinformation being propagated by retail sector analysts." MasterCard Canada also has a web site on the subject of interchange fees called [InterchangeTruth.com](#).

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Over the Limit and Rate-jacking

One of the editorials in today's New York Times - titled "[Over the Limit](#)" - discusses Obama's recent meeting with credit card execs and suggests that if he's serious about pushing through reform of the credit card industry that "he could pressure Congress to end some of the industry's worst practices right now."

The Times concludes by focusing on the over-limit fee - the practice of card issuers charging a fee if a consumer exceeds their credit limit - and suggests that the biggest consumers should be given the choice of a "hard or soft" (my language) limit on their credit card accounts.

A related article titled "[Sleeping as Your Debt Piles Up](#)", Jim Dwyer writes about arbitrary increases in credit card interest rates - called "rate jacking" - one of the most provocative techniques used by credit card issuers.

At CreditCards.com, Connie Prater provides a [sample "rate-jack" opt-out letter](#) that cardholders can use with some issuers to reject interest rate increases.

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American Express Plans Major Campaign for Delta SkyMiles Cards

John Aspan reports for the American Banker in Monday's edition that "[U.S. Bancorp and American Express Co. are squaring off for a market share that will be waged with reward programs but could be won on reputation.](#)" At stake are the cardholders of the Northwest WorldPerks Visa card (issued by US Bank) - with US Bank also competing for those cardholders with a new FlexPerks Visa card! See the next story for late news about litigation brought by Northwest against US Bank.

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Northwest Airlines Sues US Bank Over Credit Card

Christine Ziegler reports for the Minneapolis-St. Paul Star-Tribune about a [lawsuit filed today by Northwest Airlines](#) (now merged into Delta) against US Bank trying to stop the bank's efforts to migrate cardholders from the soon to be defunct Northwest Worldperks Visa card (issued by US Bank) to U.S. Bank's new FlexPerks Visa card. Delta is, of course, planning to move those cardholders to its American Express SkyMiles card.

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Great Credit Card Battle To Come

Former Secretary of Labor and currently a professor at the University of California at Berkeley, Robert Reich blogs about the [current credit card situation in the US](#). "For years, banks used every gimmick possible to get the public to use their cards -- regardless of the credit worthiness of the borrower."

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Western Union Adds Overnight US Home Delivery of Prepaid Cards

Western Union has introduced a new way to send money within the U.S. using its prepaid card platform coupled with an Overnight Home Delivery service featuring Western Union's new MoneyWise Visa prepaid card.

St. Louis and Kansas City consumers will be the first to use the new Overnight Home Delivery money transfer service to send money via Western Union's MoneyWise prepaid card to receivers throughout most of the U.S. The service will be rolled out mid April in St. Louis followed by Kansas City.

Overnight delivery of Western Union's MoneyWise prepaid card provides increased convenience and ease of use to consumers, allowing them to have funds delivered overnight to a recipient's home or work place rather than going to a Western Union Agent location.

"Our new Overnight Home Delivery service provides consumers with an easy and convenient way to send money on a card," said Jorge Suegra, senior vice president U.S. Product Management, Western Union. "The new Western Union MoneyWise Visa prepaid card provides consumers with a great financial tool to manage money and track spending in these difficult economic times."

Western Union MoneyWise - how it works: The MoneyWise(TM) card will be sent overnight via FedEx(R) so that it arrives at the recipient's door the next day and can be activated by the receiver with the Western Union Money Transfer Control Number. The card is protected by the Visa(R) liability policy.

Western Union's MoneyWise Visa prepaid card provides the money transfer recipient with a great tool for spending and managing their money. It can be used anywhere Visa debit cards are accepted including online as well as withdrawing cash at ATMs. Additionally, more money can be added to the card by both the sender and the receiver with valid information.

Overnight Home Delivery money transfer transaction fees start at just \$9.99 plus a low one-time express delivery fee of \$9.95. Overnight Home Delivery is a competitively priced money transfer service, and it provides delivery of the money directly to the recipient on a prepaid card. "This new service demonstrates that Western Union is continually looking for new ways to meet consumer needs in the marketplace," added Jorge Suegra.

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Bank of America Reports 1Q09 Financial Results

Bank of America Corporation today reported [first-quarter 2009 net income](#) of \$4.2 billion.

Bank of America's Global Card Services unit, which now includes Debit Card, swung to a net loss of \$1.8 billion as the weak economic environment drove credit costs higher. Credit card purchase volume declined 19.7% to \$48 billion compared to \$59.8 billion in 1Q08. Credit card chargeoffs rose to 8.62% totaling \$3.8 billion vs. 5.19% of \$2.4 billion in 1Q08. Debit card purchase volume grew 2.2% to \$51.1 billion.

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Canada's Interac: "In a Fight for Its Life"

An article titled "[Interac in a fight for its life](#)", Theresa Ebdon writes for Canada's Globe & Mail about how Visa and MasterCard are challenging Interac in Canada for debit card business. Merchants are concerned that debit card acceptance costs will increase if Visa and MasterCard are successful selling their debit card products to Canadian bank issuers.

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Bank Stress Test Reports Are Due

An article titled "[Edgy Banks Start to Get Word Today on Stress Tests](#)", Eric Dash reports for the New York Times that the "Federal Reserve wants to disclose, in general terms, how it conducted the stress tests on Friday afternoon, but the government will not publicly reveal the results until May 4."

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Wells Fargo Reports 1Q2009 Financial Results

Wells Fargo has reported [financial results for the first quarter of 2009](#) - reporting record profits of \$3.05 billion on revenues of \$21 billion. Revenues from cards and other fees were \$1.8 billion.

"The best way to generate capital is to earn it," said Wells Fargo President and CEO John Stumpf. "This has long been the hallmark of our company and we're now seeing the initial signs of the earnings and capital-generating power of the combined Wells Fargo-Wachovia in our first quarter together, serving one of every three U.S. households."

Wells Fargo reported credit card chargeoffs grew to 10.13% with the bulk of those losses in the legacy Wells Fargo card portfolio. Its credit card portfolio has \$22.8 billion in credit card outstandings (down 3%) which represents less than 3% of the bank's total loans. The bank also reported 15.5 million active online customers and 3.7 million active bill pay customers (24% of online banking customers).

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American Express Reports 1Q2009 Financial Results

American Express has reported [financial results for the first quarter of 2009](#) - including a decline in total revenues of 18% with income of \$443 million. Amex reported US card spending of more than \$63 billion and said it has \$207 billion in open credit lines to consumers and small businesses. Merchant discount revenue also declined 18% with the average discount rate down slightly to 2.56%. Average cardholder spending declines 18% worldwide to \$2,443.

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Group Reports 1Q2009 Financial Results

Group Inc. today reported [net income for the first quarter of 2009](#) of \$1.6 billion and a loss per share of \$0.18.

For its North American credit card business, "purchase sales declined 18% reflecting a continued decline in discretionary and non-discretionary consumer spending. Average managed loans declined 4% due to lower purchase sales and balance transfer volumes, partially offset by a decline in interest rates."

"Continued weakening of leading credit indicators and trends in the macro-economic environment, including rising unemployment, higher bankruptcy filings and the housing market downturn, drove higher credit costs. Credit costs also reflected a significant increase in delinquencies as well as the continued acceleration in the rate at which delinquent customers advanced to write-off. The managed net credit loss ratio increased 508 basis points to 8.88% in the Citi branded portfolio and 508 basis points to 12.40% in the retail partners portfolio."

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Is Accepting PayPal Make For A Better Shopping Experience?

Michael Hansell of the New York Times has a post on the BITS blog titled "[Undoing Meg Whitman's eBay](#)" in which he looks at the recent actions of eBay CEO John Donahue undoing several of the acquisitions done by former eBay CEO Meg Whitman. Hansell writes that Donahue is, however, excited about PayPal - but asks what PayPal is trying to be - and questions whether it adds value.

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Wells Fargo Online Invoicing Gives Time and Money Back to Small Business

Financial Management Online Helps Small Businesses Go Green and Save Green

Wells Fargo & Company (NYSE: WFC), in recognition of Earth Day, today introduced Online Invoicing through Wells Fargo Business Online - a time and money-saving online banking offering for small businesses. The new service makes it easier for small business owners to create and send invoices and receive payments online.

"Online invoicing gives small business owners an opportunity to take an enormous amount of paper out of the waste cycle and to reduce the need to physically transport invoices and payments across the country," said George Throckmorton, senior director for NACHA - The Electronic Payments Association and a spokesperson for PayItGreen. "Today is Earth Day and we applaud Wells Fargo for introducing Online Invoicing

use it is good for the environment.”

According to Aite Group, a leading independent research and advisory firm, most small business owners manually create their invoices or use a third party solution. In addition, a recent report stated that despite small business owners’ interests in electronic invoicing, only a few U.S. banks currently offer the service.

With Online Invoicing through Wells Fargo Business Online, small business owners can:

- create professional invoices with easy-to-use templates, customizing the look with their own logo, business information, payment terms, discounts and penalties;
- receive invoice payments from customers via bank transfer (ACH) or, if the business accepts card payments, by debit or credit card;
- set up automated email payment reminders and past-due notices; and
- streamline reconciliation with comprehensive reporting tools that show if an invoice is paid, outstanding or past due.

Benefits to small business customers include:

- convenient receipt of invoices via email with both a PDF attachment and a convenient link to the Wells Fargo Online Invoicing Payment Hub, where they can quickly view invoices and make payments online;
- the ability to pay invoices easily and securely online or by check; and
- simplified tracking of invoices and their payment status all in one place.

Now, small business customers can view account balances, activity and future cash flow on one secure web site,” said Richard Weeks, senior vice president at Wells Fargo’s Internet Services Group. “Small business customers can potentially get paid faster, and having a strong and steady cash flow is more critical than ever.”

Wells Fargo Business Online provides a secure, fast and easy way for small business customers to manage their business and personal finances. A range of integrated online payment solutions include:

- Business Bill Pay – pay any company or individual in the U.S. from a business or personal account;
- Direct Pay – pay employees by direct deposit and make next-day payments to the business bank accounts of vendors anywhere in the U.S. and;
- Foreign Exchange Online – send and receive payments in over 100 currencies, while taking advantage of real-time rate quotes and competitive exchange rates.

For more information about Wells Fargo Business Online is available at <https://www.wellsfargo.com/biz>.

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First Data Becomes Visa Merchant Acquirer in Canada

First Data has announced that it has entered into a relationship with Visa in Canada, becoming the first merchant acquirer in the country to directly participate in all three major schemes: Visa, MasterCard and Interac.

First Data has been a merchant acquirer in Canada for MasterCard since 2001 and for Interac since 2006. As a participant in all three payment networks, First Data will be able to provide comprehensive payment processing services to support financial institutions.

Wayne Clarke, senior vice president and general manager of First Data’s business in Canada said: “As a direct participant in all payment schemes in Canada, we will offer an unrivalled processing solution to our Canadian accounts. The agreement also benefits our alliance partners across the world and those wishing to expand into Canada, as First Data can now offer them sponsorship into the Canadian market.”

Since 1998, First Data has provided secure, reliable and cost effective solutions to the Canadian marketplace. Today, First Data delivers card payment processing solutions to many of the leading financial institutions in Canada and is one of the largest merchant acquirers in the country.

Bancorp Bank, Planet Payment Offer Multi-Currency Solutions

Bancorp Bank and Planet Payment have announced an agreement to provide Planet Payment's suite of products and services to Bancorp's merchants and third party servicers in the U.S. payments market. As part of the business arrangement, Bancorp will utilize Planet Payment's multi-currency processing platform to provide merchants with tools to increase their sales and operate their businesses more efficiently.

Individual solutions that will be made available to Bancorp customers include:

- **Multi-Currency Pricing:** Allows merchants to sell more effectively to international customers by pricing in foreign currencies on a website or in a catalogue and accepting payment in the currency the customer chooses;
- **Pay in Your Currency™:** Provides merchants with a powerful customer service feature that allows customers to pay for their purchases in the currency they know best – their own; and
- **iPAY®:** Offers card-not-present merchants a suite of robust payment and business management solutions, including the industry leading iPAY payment gateway.

"We are excited to add Planet Payment's robust product suite to The Bancorp Bank's payment processing offering," said Frank M. Mastrangelo, President of The Bancorp Bank. "The business arrangement with Planet Payment enhances one of our core missions of providing leading-edge payment solutions to the U.S. market. Planet Payment's multi-currency processing and iPAY gateway solutions offer our customers powerful tools to increase revenue and simplify operations."

Planet Payment, from its inception, has been dedicated to providing banks and merchants with the tools to increase efficiency, open new sales channels and maximize revenues – goals that are more important than ever in these challenging economic times," said Philip D. Beck, Chief Executive Officer of Planet Payment. "We look forward to working with The Bancorp Bank to deploy our business-building solutions throughout the U.S. market."

Yodlee Introduces PostcardCheck

Yodlee has announced the [Yodlee PostcardCheck](#) - saying it is "aimed at increasing efficiency and lowering the significant costs associated with paper payments in online bill pay. Nearly two of every ten payments originated online in the U.S. are still processed via paper check. Financial institutions offering online bill pay to their consumers incur per item costs of a single paper payment up to ten times higher than comparable electronic payments. Paper payments are by far the most costly component of any online bill pay system. Yodlee has built a new, proprietary PostcardCheck solution that helps financial institutions immediately lower the cost of single check payments by up to 30%."

"There hasn't been any real innovation in paper check payments in a long time," said Peter Hazlehurst, SVP Product Development at Yodlee. "With Yodlee PostcardCheck, we're further extending our track record of innovation in the payments industry by delivering a solution for single check payments that dramatically reduces expenses and at the same time increases processing efficiency. We estimate that by leveraging streamlined processing methodologies, distributed printing capabilities and reduced postal rates associated with Yodlee PostcardCheck, most financial institutions can save up to 30% per payment. In a tough economy, a 30% cost reduction is a significant improvement that all institutions should investigate. Extensive testing of the new proprietary check format indicates that these savings can be obtained without any increase in returns or rejections typically associated with paper payments in general."

Yodlee PostcardCheck is designed for rapid deployment and is available for integration with any existing online bill pay solution, or as an included feature of the Yodlee BillPay suite of solutions, including Yodlee PayItAll (a complete, pay anyone solution) and revenue-generating Yodlee DirectPay (interchange generating card based payments) and Yodlee PayToday (fee-based, guaranteed same day payments) online bill pay solutions.

"When you add it all up, Yodlee is unique in combining cost saving and revenue generating bill pay innovations that can help any financial institution transform online bill pay from a pure cost center into an efficient, revenue generating tool," said Hazlehurst.

University of Georgia Joins Secure Vault Payment Network

Synovus has announced an agreement with the University of Georgia to launch Secure Vault Payments (SVP) as a new tuition payment option. Synovus said that in 2008 it "became the first bank in the U.S. to offer customers this fast, safe and easy option for making payments online."

"We are very pleased the University of Georgia chose to join the growing list of merchants and billers adopting SVP as a payment channel, and we believe other colleges and universities in the Synovus footprint will soon see the benefits of using this innovative product," said Lisa White, Director of Payment Services for Synovus.

"Secure Vault Payments is a great solution for us," said Lisa McCleary, Bursar, University of Georgia. "SVP is a smarter electronic payment option that lowers our risk, allows us to receive money faster and helps us keep costly and wasteful paper out of our system."

The SVP process begins when the online customer selects this option to make a purchase or pay a bill on a merchant's or biller's website. The customer is directed to their Synovus bank's SVP login page where they use their existing Internet banking identification and password to complete the transaction. The bank approves the transaction and securely sends the authorization, without exposing any personal customer information, back to the online merchant or biller.

For more information on Secure Vault Payments, visit any Synovus bank website directly, or use the locations link on <http://www.synovus.com> or the Synovus bank nearest you. Additional information is available at <http://www.securevaultpayments.org>.

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Nokia Technology Takes Next Step With the Nokia 6216 Classic

Nokia has announced its third fully integrated Near Field Communication (NFC) device, the Nokia 6216 classic, Nokia's first SIM-based NFC device. According to Nokia, "with NFC consumers will benefit from greater ease of use, more convenient sharing of content - such as images, links, audio files or contact data - as well as secure payment and ticketing transactions, all with just one tap of the device."

The Nokia 6216 classic is expected to start shipping in the third quarter of 2009 in select markets with an estimated retail price of EUR 150 before taxes and subsidies.

"The Nokia 6216 classic will be amongst the first commercial devices in the market complying with operator requirements using the SIM card connection to secure transactions with Near Field Communications," says Jeremy Belostock, head of near field communications at Nokia. "With the Nokia 6216 classic in your pocket and the ticketing applications on the SIM you can replace the multitude of cards in your wallet. Having ticketing applications on the SIM consumers can bring their secure applications to their next Nokia NFC enabled phone."

"Credit card information can be stored securely on the SIM card and waving the device in front of a contactless terminal enables quick payment and simple ticketing services*."

"The launch of the Nokia 6216 classic SIM-based NFC handset is a great step forward for payment and ticketing services," says Alex Sinclair, Chief Technology Officer of the GSM Association. "We believe this will drive more rapid deployment of the technology and expect this to signi-

ch of NFC services in the market by operators."

In addition to the NFC technology, the Nokia 6216 classic is outfitted with the features people desire from a next generation mobile device, including digital camera, bright display, stereo FM radio and music player, 3G connectivity and a microSD slot which is expandable up to 8GB. A compatible NFC SIM card is required in order to be used with contactless ticketing and payment services, and require a service subscription and installation of an appropriate secure application.

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GlobalPlatform White Paper on NFC Mobile

GlobalPlatform has published a new white paper titled "[The GlobalPlatform Proposition for NFC Mobile: Secure Element Management & Messaging](#)" that is intended to outline its technical contribution and commitment to the near field communication (NFC) mobile market. The paper details how GlobalPlatform Specifications are able to support all roles in the NFC ecosystem and outlines the roles and responsibilities of each player in the maintenance of an end-to-end security chain to ensure the secure management of over-the air applications between a service provider's back office and the secure element on a chip.

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Verizon Business 2009 Data Breach Study

More electronic records were breached in 2008 than the previous four years combined, fueled by a targeting of the financial services industry and strong involvement of organized crime, according to the "[2009 Verizon Business Data Breach Investigations Report](#)." [Full press release here](#).

The second annual study -- based on data analyzed from Verizon Business' actual caseload comprising 285 million compromised records from 2004 to 2008 -- revealed that corporations fell victim to some of the largest cybercrimes ever during 2008. The financial sector accounted for 23 percent of all such records compromised last year, and a staggering 90 percent of these records involved groups identified by law enforcement as engaged in organized crime.

Verizon Business investigative experts found, as they did in the company's first report covering 230 million compromised records from 2004 to 2007, that nearly nine out of 10 breaches were considered avoidable if security basics had been followed. Most of the breaches investigated did not require difficult or expensive preventive controls. The 2009 report concluded that mistakes and oversight failures hindered security efforts more than a lack of resources at the time of the breach.

Similar to the first study's findings, the latest study found that highly sophisticated attacks account for only 17 percent of breaches. However, the relatively few cases accounted for 95 percent of the total records breached - proving that motivated hackers know where and what to target.

"The compromise of sensitive information increased dramatically in 2008, and it's past time to be vigilant about enterprise security," said Dr. Peter J. Pett, vice president of research and intelligence for Verizon Business Security Solutions. "This report should serve as another wake-up call to ensure that security and a proactive approach are paramount to running a business in this day and age -- particularly since the economic crisis is likely to trigger a further increase in criminal activity."

Findings of the 2009 Report

This year's key findings both support last year's conclusions and provide new insights. These include:

- Most data breaches investigated were caused by external sources. Seventy-four percent of breaches resulted from external sources while 32 percent were linked to business partners. Only 20 percent were caused by insiders, a finding that may be contrary to certain widely held beliefs.
- Most breaches resulted from a combination of events rather than a single action. Sixty-four percent of breaches were attributed to hackers who used a combination of methods. In most successful breaches, the attacker exploited some mistake committed by the victim, hacked into the network, and installed malware on a system to collect data.
- In 69 percent of cases, the breach was discovered by third parties. The ability to detect a data breach when it occurs remains a huge stumbling block for most organizations. Whether the deficiency lies in technology or process, the result is the same. During

the last five years, relatively few victims have discovered their own breaches.

- Nearly all records compromised in 2008 were from online assets. Despite widespread concern over desktops, mobile devices, portable media and the like, 99 percent of all breached records were compromised from servers and applications.
- Roughly 20 percent of 2008 cases involved more than one breach. Multiple distinct entities or locations were individually compromised as part of a single case, and remarkably, half of the breaches consisted of interrelated incidents often caused by the same individuals.
- Being PCI-compliant is critically important. A staggering 81 percent of affected organizations subject to the Payment Card Industry Data Security Standard (PCI-DSS) had been found non-compliant prior to being breached.

State of Cybercrime: 2009

The cybercrime market continues to evolve, so do the targets, techniques and types of attackers. The big money is now in stealing personal identification number (PIN) information together with associated credit and debit accounts. In 2008, Verizon Business witnessed an explosion in attacks targeting PIN data.

These PIN-based attacks hit the consumer much harder than typical signature-based counterfeit attacks in which a consumer's credit card is compromised. Investigators found that PIN fraud typically leads to cash being withdrawn directly from the consumer's account -- whether it is checking, savings or brokerage account -- placing a greater burden on the consumer to prove that transactions are fraudulent.

The higher monetary value commanded by PIN data has spawned a cycle of innovation in attack methodologies. Criminals have re-engineered their processes and developed new tools, such as memory-scraping malware, to steal this valuable commodity.

The geographic distribution of external data breach sources continue to show high activity in Eastern Europe, East Asia and North America. In the 2009 report shows that these regions accounted for 82 percent of all external attacks.

Among investigators, Tippet pointed out, "Eastern Europe is known as a notorious haven for organized cybercrime outfits, which played a major role in breaches throughout 2008."

"We have a great deal of evidence that malicious activity from Eastern Europe is the work of organized crime," he said. However, he added, "With our bright sight, efforts with law enforcement led to arrests in at least 15 cases (and counting) in 2008."

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