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January 25, 2009

The New Year brings not only a new US president but also new conditions for financial services as governments and banks work closer together to resolve the global credit crisis with a view to getting the economy back on track. In this context, ATMIA, as a non-profit trade association servicing the self-service banking market, seeks to play an increased mediating role between business and governing authorities.

The reinvention of our old Debit Council into the new Electronic Payments Forum (EPF) is a way for extending the scope of our work in this forum to cover all significant forms of C2B and C2C payments, as financial services providers seek to integrate delivery channels to build up better customer profiles and customize products and services for an increasingly segmented demographic. The EPF can play an important role in facilitating continued self-regulation in this industry, for example through best practices and enhanced security, and in mediation with the authorities. 2009 is no "write off year" as some pessimists falsely argue. On the contrary, the opportunity for working together has never been stronger.

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Mike Lee, CEO, ATMIA.

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### **The spiritual side of debt counseling**

**Faith-based debt counselors offer the devout more than debt relief**

**By LaRita Heet**

When people get in trouble, they often turn to faith. These days, faith-based organizations can provide more than just spiritual guidance; they may help solve money problems, too.

Faith-based debt counseling combines practical financial guidance with a specific religious foundation. In the United States, the three largest faiths -- Christian, Muslim and Jewish -- share some commonalities in their approaches to money: the importance of making responsible financial decisions, making full repayment of all debts and charitable giving. Christian debt counselors, the most common type of faith-based debt counselors, advise clients according to principles found in the Bible, while Jewish principles are based on the Torah, and Muslim principles on the Quran.

According to numerous Jewish and Muslim experts, no specific faith-based debt counseling organizations exist within either faith. The lack of debt counselors within these religions, particularly among practicing Muslims and Orthodox Jews, can be attributed to the strict financial principles that govern their everyday lives, especially those concerning interest payments and debt repayment.

Because practicing Muslims are forbidden from paying interest on money borrowed, they can only use non-interest-bearing (also referred to as "Shariah-compliant") financial products, says Abdi Shayesteh, a senior associate with King & Spalding law offices in New York City and a member of the Middle East and Islamic Finance Practice Group. "This is perhaps why you don't see Muslim debt counselors -- there is no need for a debt-counseling service company, because a practicing Muslim doesn't subscribe to debt service products, such as credit cards." Shayesteh is referring to ordinary credit cards, which charge interest on balances. Shariah-compliant credit cards have been introduced in recent years, which do not charge interest.

The Jewish Orthodox community similarly prohibits the payment of interest, according to Dena Shapiro Frenkel, an Ameriprise financial adviser and host of the Cents-able Finance radio show, which is broadcast out of Loyola College in Baltimore.

Both Jewish and Islamic laws require that the faithful not incur debt they cannot reasonably repay. Islam teaches that Muslims may only have a maximum of 30 percent debt-to-equity, or leverage, while Orthodox Jews are forbidden from borrowing money without a specific plan to repay that debt. "Debt is supposed to be something you can manage," says Frenkel. "You're not allowed to go into debt if there's no way for you to get out of debt, so you have to have some sense of responsibility and accountability."

#### **Demand grows for Christian debt counseling services**

For devout Christians in search of debt counseling, faith-based organizations can offer more than just number-crunching dollars-and-cents advice. They can offer financial counsel that can help debtors chart a course to financial freedom that stays true to biblical teachings.

"We teach what the Bible says, that we're not owners, and that we are only stewards; we're trustees of our possessions, and that God is the owner of all things," says Chuck Bentley, CEO and president of Crown Financial Ministries, a Christian-based financial and debt counseling organization headquartered in Gainesville, Ga.

"That's a major, major difference between biblical advice and nonbiblical advice," says Bentley.

The arrival of Christmas credit card bills, combined with finance-focused New Year's resolutions, makes January the peak season for Christian debt counselors, say experts. "This January is shaping up as an unprecedented month of demand for help from consumers nationwide," says David Jones, president of the Association of Independent Consumer Credit Counseling Agencies.

The demand for Christian debt counseling services continues to mount. Family Credit Management, which works with tens of thousands of families each year, estimates a 25 percent year-over-year increase in first-time consumer contacts since 2007, says Family Credit president Michael McAuliffe.

AICCCA's member counseling agencies, which serve approximately 2 million consumers annually, have seen an approximate 20 percent increase over the past year, says Jones. "Add to that the demand for bankruptcy counseling and housing counseling and you have a major increase in consumer demand. Christian credit counseling demand has followed suit. We do not expect to see this trend reverse anytime soon. As the financial crisis worsens, more people need help. However, we are now beginning to see more and more consumers that are beyond help and we expect to see a dramatic rise in personal bankruptcy filings."

Few have escaped some level of financial woes. "Today, even churches themselves are struggling with debt and mortgages, with many churches themselves facing foreclosure," says McAuliffe.

To date, Crown has served more than 50 million people worldwide, with a stunning 140 percent increase in Web and e-mail traffic between September and December 2008 alone. Bentley attributes these burgeoning numbers, in large part, to broad-scale lifestyle changes, especially in the United States. "I think you've seen culture rapidly change effectively over the past 50 years in the things that we value and the financial habits that were formerly really just a part of our core values have changed, and so we've seen a much greater need to keep up with the times and help people," says Bentley.

### **Secular versus faith-based debt counseling**

Faith-based and secular debt counseling organizations differ; each should be considered on its own merits.

In her quest to seek help to manage mounting debt, 38-year-old Chicago retail investment sales assistant Kay J. interviewed one secular for-profit organization that turned her off immediately. The company offered her one way to pay off her debts -- through a debt settlement plan, in which she would pay approximately 70 percent of her debts, plus significant fees to the debt counseling company. Such a plan meant Kay (who asked that her last name not be used for privacy reasons) would have a credit report showing "debt settlements" long after she'd made her final payment, which would negatively impact her creditworthiness until each item dropped off her report years later. The bottom line for Kay, though, was that a debt settlement would have dishonored her Christian beliefs and gone against the teachings of the Bible, which dictates that borrowers pay all debts in full.

Though finding a debt-counseling agency with similar spiritual beliefs is important, experts remind consumers that not all so-called faith-based organizations have the consumers' best interests at heart; nor are all secular debt-counseling services for-profit.

In fact, experts encourage consumers to use nonprofit credit counselors, accredited by through Association of Independent Consumer Credit Counseling Agencies ([AICCCA](#)) or the National Foundation for Credit Counseling ([NFCC](#)).

Kay eventually turned to [Family Credit Management Services](#). "I liked the fact that their Web site had them listed with different bureaus and showed their credentials, that they were not-for-profit, and that they offered debt elimination," says Kay.

This is paramount when dealing with debt counselors, since scam artists abound in the industry, says Jones. "I believe many people, especially people of faith, are buffaloes sometimes by going to organizations that claim to be as faithful as they are, but in some cases, may not be," he says.

Even if the Christian organization -- say, your church -- is on the up-and-up, smart consumers must assess the debt counselor's level of professionalism. "It is legal in many states for a church to provide counseling. They don't have to be registered or licensed if they are a nonprofit church, and so it is entirely possible that well-meaning Christian organizations could have credit counselors in place who are not educated to provide the right kind of counseling and help to people," says AICCCA's Jones.

### **How faith-based debt counseling works**

Family Credit Management's counselors approach each client's situation individually. "The first thing we're going to do is listen to the client and ask, 'What is your objective here? What are your goals? Obviously you probably want to get out of debt; you would like it to go away, but we need to examine where you stand.' We can't put a plan together until we know where to begin," says Family Credit's Central Illinois regional manager Jeffrey Telling.

Developing a spending plan means determining income and "outgo" in detail, on paper, so clients can chart their finances. Success comes in many forms, says Telling. "We have to define success. If I help someone learn to budget, and they go do it on their own without entering my debt management program, where they pay us and we pay the creditors, is that a success? Absolutely. It's like if you feed a man a fish, and he'll eat today, but teach a man to fish, and he'll eat forever. We prefer to show them how to do it. There's the greatest reward in that, and they will be what we would call recovered from the situation that got them where they are."

After assessing Kay's situation, her counselor created a budget by dividing Kay's total debt into a 36-month monthly repayment schedule. Until Kay's debts are paid in full, her credit report shows that she is in a debt elimination program. However, she says, "As soon as everything is paid off, then that is removed from my credit report and it'll just show that my debts have been paid."

### **Taking responsibility: A Christian principle**

The first step for those who turn to Christian debt-counseling organizations is to learn what the Bible says about debt. "God doesn't want you to be in that bondage, and he has specific rules and instruction and principles to follow to help you get out of it. One of these principles is to take responsibility for the problem, and do not run from it; to be straightforward and honest and humble, and to do what you need to do to honor the obligation that you have. The scripture teaches that it's the borrower's responsibility to repay," says Crown's Bentley.

In some cases, bankruptcy may seem the only choice, but "we believe that it's not the best solution," says Bentley. "The best solution is to make the hard decisions necessary to repay what you borrowed and to walk through that with integrity and character and to make every possible effort to avoid it."

Tithing, a practice in which a Christian gives a set amount, usually 10 percent, of his gross income to his church, is strongly encouraged in Christian-based debt counseling, though neither Crown nor Family Credit make tithing mandatory. "God would rather have us be a cheerful giver, as opposed to someone who has blind faith and just completely says, 'I'm going to tithe if it kills me.' That doesn't make sense. He's the God of mercy, not law, so we make it as a personal, individual decision," says Telling.

### **A long-term lesson**


For most faith-based counselors -- and their clients -- the most advantageous bottom line comes in the form of teaching people to be content and wise with what they have. Often, this means dispelling money myths, such as the popular belief that more money equals greater joy -- what Bentley refers to as "the real stumbling block for many people." "In the Bible," says Bentley, "success is defined by our faithfulness with what we have, and success can be achieved whether you have much or little. We do not teach the prosperity gospel, nor do we teach the poverty gospel. Righteousness is not obtained through poverty, and it's not obtained through prosperity; it's obtained through being faithful to Christ, who gave some people much and some people not so much."

"A biblical message is universally true, and the Bible's concern isn't what you have; it's really what you do with what you have -- and it's how well we have used it for God's purposes for our lives."

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### **Product Innovation and Firm Survival in A Network Industry**

A working paper from the Federal Reserve Bank of Kansas City titled "[Product Innovation and Firm Survival in A Network Industry](#)"  by Fumiko Hayashi and Zhu Wang studies product innovation and network survival in the U.S. ATM/debit card industry. "The findings suggest introducing the point of sale debit function in the mid 1980s played an important role driving the network consolidation."

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### **Economics of Payment Cards: A Status Report**

The latest issue of Economic Perspectives from the Federal Reserve Bank of Chicago includes the article "[Economics of payment cards: A status report](#)"  by Wilko Bolt and Sujit Chakravorti.

This article surveys the recent theoretical literature on payment cards (focusing on debit and credit cards) and studies this research's possible implications for the current public policy debate over payment card networks and the pricing of their services for both consumers and merchants.

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### **US Bank Reports 4Q2008 Financial Results**

US Bank has reported financial results for the fourth quarter of 2008. Among the details, US Bank reported that debit card transaction dollar volume was essentially unchanged in the fourth quarter as compared to the same quarter in 2007 and was actually down sequentially from the second and third quarter of 2008.

For credit cards, the bank reported a decline in credit card purchase volume in the fourth quarter of about 3.5% from both the prior year. Fourth quarter credit card purchase volume was also lower than in both the second and third quarter of 2008. In the bank's merchant acquiring business (Elavon), the number of transactions processed increased about 3.5% over the prior year while the purchase volume declined about 6%.

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## Canadian Payments Forecast

[Technology Strategies International](#) has released a report titled "Canadian Payments Forecast - 2009" forecasting that the Canadian debit and credit card market will be hit by the decline in personal expenditure on consumer goods and services as a result of the economic downturn, but over the long term both forms of payment will command a greater share of all consumer expenditures. According to the report, "credit card payments will account for 38% of personal consumer expenditure by 2013, approximately double the share predicted for debit card payments."

"By 2013 we expect there to be about 130 million payment cards in circulation in Canada, with card based payments being accepted at about 720,000 merchants", notes Christie Christelis, President of Technology Strategies International.

"There are a number of high growth segments in the Canadian payments market, the ones with the most promise being mobile contactless payments, cross-border debit and alternative methods for paying online," he says.

Key findings of the study are:

- The recession in Canada will result in lower growth for debit and credit card payments as consumers cut back on their expenditure
- Credit card payments will be hit the hardest by the recession
- Contactless payments will be the highest growth segment over the next five years, exhibiting phenomenal growth and encroaching on the areas currently dominated by cash and debit cards
- Card issuers will use the EMV implementation card reissue cycle to issue cards with contactless payment functionality
- Cross border payments will grow by 70% per year over the next five years
- Alternative payment mechanisms for online payments (i.e. non-credit card payments) will account for one third of all online payments made by Canadians by 2013
- Cash will remain the most frequently used form of payment in Canada

The 110 page report provides a comprehensive review, analysis and forecast of consumer payments in Canada. It identifies high growth segments in the Canadian payments market in the context of some important recent developments in the economy and the industry, including duality in the credit card market, the emerging battleground around merchant discount rates and Interac's application to the Competition Bureau to convert to a for-profit organization. Detailed forecasts are presented for credit card payments, debit card payments, cash payments, cheque payments, contactless payments, cross-border payments, online payments, ABM installations and POS terminals.

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## Barclays To Roll-Out Contactless Visa Debit Cards in UK

In the UK, Barclays has [announced](#) that its customers will "soon be able to pay their way with the wave of a card as the bank is set to be the first in the UK to roll-out contactless VISA debit cards to its customers. From March, most Barclays debit cards that are issued or reissued will have contactless technology built in as standard. More than three million customers are expected to be using contactless debit cards by the end of the year."

The cards use contactless technology to enable transactions of £10 or less to be paid for by holding the card up to a special reader, without the need to enter a PIN or insert the card into a terminal. The transaction is debited directly from the customer's current account in the same way that a standard card transaction is. The cards will still have chip and PIN which will be used for purchases and for ATM transactions. Periodically the card will prompt for the PIN to be entered to verify the customer's identity.

Mark Parsons, Managing Director of Current Accounts for Barclays, said: "Barclays has long been a pioneer in banking. We were the first to launch the debit card in 1987 and now we are the first to give our customers the latest incarnation – the contactless debit card. This gives people a new way to pay for things that is quick, secure and convenient and we are confident that it is going to be really popular with customers."

Over 8000 retailers already accept contactless payments including many outlets of Pret A Manger, Coffee Republic, EAT, Books etc, Krispy Kreme, Threshers and thousands of independent retailers, with more installing the technology every week.

Barclaycard was the first to introduce contactless technology on credit cards in the UK in September 2007 with the launch of Barclaycard OnePulse, the three in one oyster, credit and contactless card.

For more information on Barclays contactless debit cards go to <http://www.barclays.co.uk/contactless>. To search for outlets which accept contactless payments visit the Visa website at <http://www.visapaywave.co.uk>

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## **Heartland CEO Calls for Industry Cooperation to Fight Cyber Criminals and Adoption of End-To-End Encryption**

Company Release - 01/23/2009 12:11

Company Reports Continued Growth of Merchant Base

PRINCETON, N.J., Jan. 23 /PRNewswire-FirstCall/ -- Heartland Payment Systems added more than 400 merchants to its client base in the past few days - exceeding results for the same period from last year.

"Our organization and business model founded on fair dealings, transparency and merchant advocacy have paid off these past few days," stated Robert O. Carr, Heartland's founder, chairman and chief executive officer. "This is demonstrated in the continued organic growth of our merchant base. Despite the headwinds of the economy and attacks by some of our competitors, we have installed new merchants, new payroll clients and new check management clients since our disclosure of the breach on Tuesday morning. Our record of candor, fair dealing, no arbitrary rate increases since our formation almost 12 years ago and superior customer service is highly valued.

"Merchants continue to respect Heartland for the manner in which we do business. They appreciate our ongoing efforts to help them manage the costs and complexities of payments processing," Carr continued. "Our energized organization called on the owners of more than 150,000 business locations these past three days to help them understand the breach and what it means to them. I couldn't be prouder of our entire organization for the way everyone has pulled together to help."

No confidential merchant data, Social Security numbers, unencrypted personal identification numbers (PIN), addresses or telephone numbers were retrieved in what is believed to be a global cyber-fraud operation. Heartland does not yet know how many card numbers were obtained. Many reports in the press are speculative.

Consumers will know if their card account numbers have been used by reviewing their monthly statements. Cardholders should report suspicious activity to their issuing banks (the bank that issued the card, not the card brand). If unauthorized use is confirmed, cardholders are reimbursed for the fraudulent purchases and are not held financially responsible.

Over the past few days, Carr has been talking to many industry leaders about working together to fight the cyber criminals who victimized

Heartland and continue to jeopardize companies, consumers and data worldwide.

"I have talked to many payments leaders who are also concerned about the increasing success and frequency of cyber crime attacks," Carr noted. "Up to this point, there has been no information sharing, thus empowering cyber criminals to use the same or slightly modified techniques over and over again. I believe that had we known the details about previous intrusions, we might have found and prevented the problem we learned of last week."

Heartland's goal is to turn this event into something positive for the public, the financial institutions which issue credit/debit cards and payments processors.

Carr concluded, "Just as the Tylenol(R) crisis engendered a whole new packaging standard, our aspiration is to use this recent breach incident to help the payments industry find ways to protect its data - and therefore businesses and consumers - much more effectively."

For the past year, Carr has been a strong advocate for industry adoption of end-to-end encryption - which protects data at rest as well as data in motion - as an improved and safer standard of payments security. While he believes this technology does not wholly exist on any payments platform today, Heartland has been working to develop this solution and is more committed than ever to deploying it as quickly as possible.

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### **Financial Regulation Designated by GAO as High-Risk Area**


The Government Accountability Office has issued a report designating three new areas in the federal government as "high-risk" areas in need of added attention. Modernizing the outdated U.S. financial system was one of these high risk areas. The report contains the GAO's views on what remains to be done to bring about lasting solutions for each high-risk area. The GAO notes that perseverance by the executive branch in implementing the recommended solutions and continued oversight and action by Congress are both essential to achieving progress.

<http://www.gao.gov/new.items/d09271.pdf>

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### **New York Fed Paper: Seismic Effects of the Bankruptcy Reform**

Donald P. Morgan, Benjamin Iverson and Matthew Botsch of the staff of the Federal Reserve Bank of New York have published a paper titled "[Seismic Effects of the Bankruptcy Reform](#)" .

We conclude that the bankruptcy abuse reform of 2005 (BAR) contributed to the rise in subprime foreclosures because it shifted risk from credit card and auto lenders to mortgage lenders. The means test under BAR gives credit card and other unsecured creditors a stronger claim on borrowers' cash flow, and that weakens secured lenders' (implicit) claim on that cash flow."

The obvious implication is that US credit card issuers' credit losses would be even higher at the moment if the old bankruptcy law was still in place.

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### **Bankruptcies surge in 2008, passing 1 million mark again**

Personal bankruptcies surged to more than 1 million filings in the United States in 2008 -- the most since a rewrite of bankruptcy laws took effect in 2005.

Filings of Chapter 7 and Chapter 13 bankruptcies rose 33 percent in 2008 as the economy worsened, according to data from U.S. bankruptcy courts and compiled by the bankruptcy data firm Aacer. Chapter 13 bankruptcy allows people to pay off debts under a three- to five-year plan; Chapter 7 bankruptcy allows for a discharge of all debt.

In 2007, there were 819,115 such filings in the 50 states and Washington, D.C. The number rose to 1,086,130 in 2008 as the recession took hold. That's nowhere near the record of 2.1 million filings in 2005, as consumers rushed to file before a federal bankruptcy reform law went into effect and made filings more difficult and expensive, but it's still a significant leap.

The pain of bankruptcy was spread unevenly, but it was everywhere. Not one jurisdiction showed a decrease in filings, whether measured on a per capita basis or by the raw numbers of filings.

Texas came closest -- there were only about 1,500 more Chapter 7 and Chapter 13 filings in 2008 than the year before.

At the other end of the scale were five states where the bad economy plus housing woes hit particularly hard. The greatest increases in per capita bankruptcy filings were found in Nevada (7.15 filings per 1,000 residents), Delaware (4.02), California (3.57), Florida (3.63) and Rhode Island (3.99).

For the second straight year, Tennessee had the distinction of having the overall highest per capita rate of filings, with 7.65 filings per 1,000 residents. Alaska retained its title as the land of the fewest personal bankruptcies -- only 877 were filed all year. That works out to a rate of 1.28 per 1,000.

Chapter 11 bankruptcies, under which businesses file for court-supervised reorganization or liquidation, also soared. A total of 10,084 companies filed Chapter 11 in 2008. That represents an increase of 62 percent, and is more than double the number of such filings in 2006.

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### **Viewpoint: Mobile Solution to Problem of Stagnant Growth**

The recent frenzy of large institutions to acquire deposits by purchasing small rivals should raise questions about the organic growth opportunities of the U.S. banking industry as a whole.

Growth, it seems, is increasingly hard to come by, and though retail revenue accounts for almost 60% of global retail banking revenue pools, it is increasingly under pressure as market share erodes and expenses climb.

Forrester Research reported that average banking margins in this country declined 16% between 1995 and 2005. And no wonder — it is no secret that the United States is reaching market saturation when it comes to retail banking. About 85% of the population is "banked," and the unbanked population is low-margin and high-cost-to-serve.

So where do U.S. and global institutions go for growth? The Internet, via mobile technologies, will allow U.S. banks to make reasonable margins on unbanked consumers and will even allow them to reach out to global populations in ways previously unimagined.

According to Boston Consulting Group, \$137 billion of retail banking revenue will shift by 2015 to the Asia-Pacific-Middle East region, where currently 60%-70% of the population is unbanked.

This is a tremendous opportunity in both size and scope, but reaching the next billion retail consumers at reasonable margins will present bureaucratic challenges. Branch-building is expensive, and many of these countries have limits on physical distribution and foreign bank entry. In addition, since the costs to serve these people may far outstrip the revenue generated, margin challenges will be significant.

Enter the mobile Internet. Global Internet adoption will reach a billion consumers by March 2010, according to comScore, and almost 50% of those users will come from Asia and the Middle East. In fact, the United States now accounts for less than 21% of global Internet activity.

Much of the international traffic is coming from mobile phones, which today offer bigger screens, better usability, and increasingly affordable high-speed data transfer. By 2011 more than 40% of new mobile phones will be equipped with a 3G broadband connection. Better technology allows smoother transactions, and the faster speeds will jump-start consumer adoption, much the way broadband access did with the Internet.

Mobile is on the way to fulfilling the original promise of the Internet: providing 24/7/365 access to your bank accounts. The truth is, a PC-

Internet model did offer ubiquitous access, as long as you were in front of your PC. Mobile breaks that PC tether.

So technology, via 3G/4G connections and mobile browsers, offers up the delivery mechanism for reaching the next billion banking customers.

A well-executed direct banking model can deliver an operating expense advantage of as much as 100 basis points over physical distribution models. A financial analysis by a large banking institution determined that an average Internet transaction cost 4 cents, compared to 14 cents for an automated teller machine transaction and \$2.51 for a call center transaction.

The Internet and mobile phones provide compelling product and service opportunities, too. Japan provides a crystal ball into the future of mobile banking. In that country, phones not only provide Internet access to bank balances, transfers, and account lookups, but they also serve as mobile wallets for everyday transactions, including retail purchases, vending machine transactions, and transit passes.

Imagine U.S. phones enabled with chips and connected to networks that enable consumers to use their phones as E-Z Pass, subway, and bus tokens and even to send money to each other using near field communications. Global remittances where customers can send money to phone numbers are in the works and will be here within the next five years.

The next billion — be it consumers, revenue, margin, or reduced operating expenses — can be achieved in the next decade with the mobile Internet

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### **BlackBerry, iPhone Moves by Bank of America**

Bank of America Corp. has introduced a mobile banking application for the BlackBerry handset and upgraded its iPhone tool.

A spokesman for the Charlotte company said Tuesday that users of the BlackBerry, made by Research in Motion Ltd., can download the specialized application by entering the Web address [mobilebanking.bankofamerica.com/bbapp](http://mobilebanking.bankofamerica.com/bbapp) into their handset.

The application allows people to locate branches or automated teller machines using the global positioning system feature. They also can use it to check their balances, pay bills, and transfer funds.

The iPhone upgrade offers an easier interface, the bank said. It also uses the location awareness feature of the iPhone and iPod Touch to find nearby ATMs and branches. B of A claims 1.8 million active mobile banking customers.

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### **Discover Adds Mobile Web Site**

Discover Financial Services said Thursday it has started a Web site called Discover.com Mobile that lets the company's cardholders manage their accounts using mobile phones.

The Riverwoods, Ill., credit card company said the site, at [m.discover.com](http://m.discover.com), is designed to be accessed through the browsers that are built into many mobile phones.

Customers can make payments, review transactions, review rewards activity, and enroll in Discover's 5% Cashback Bonus rewards program at the site, using their Discover.com account username and password.

"Discover.com Mobile provides a new service channel that allows cardmembers to have access to their account information right at their fingertips," Sarah Alter, Discover's vice president of e-business and new markets, said in a press release.

Many financial companies already offer or are testing mobile phone banking services.

There are three main models for delivering such capabilities through phones: text messaging, downloadable applications, and browsers.

Advocates of the text message model say it is easy to use and available through almost every model phone. Companies that offer downloadable applications say downloadable tools are easier to use than text messages and have better features.

Discover said Discover.com Mobile offers some of the advantages of both: it can be accessed by most phones and allows for more sophisticated account management than text commands do.

The company described the new site as "a simplified version of the Discover.com account summary interface."

Discover also offers Spend Analyzer, an online application that categorizes purchases made on Discover cards; Paydown Planner, which shows customers how long it would take them to pay off their entire balance; and Purchase Planner, which calculates how a large purchase would affect a customer's balance and monthly payment.

Both Visa Inc. and MasterCard Inc. have said they expect mobile phones to become important tools for financial services, and are testing a variety of mobile payment services.

However, the job of developing ways to manage card accounts with mobile phones has largely fallen to issuers.

Citigroup Inc., for example, offers an account management service for credit card customers, using software from Firethorn Holdings LLC, a unit of Qualcomm Inc.

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### **ABI Research: Mobile Banking to Skyrocket**

ABI Research is projecting that the number of people banking through a mobile device could hit half a billion worldwide by 2013, according to [MediaPost](#). The report said that this, combined with increasing customer familiarity and growing ease of use, could make mobile banking the next "killer app" for cell phones.

"Mobile financial services have the potential to be bigger than mobile TV and premium mobile content in terms of numbers of subscribers," said **Mark Beccue**, ABI Research senior analyst of consumer mobility in the article. "Everybody's trying to do it, and they're all scrambling."

Beccue said in the report that online customers in particular feel comfortable banking on cell phones. "That's one of the only barriers to mobile banking; if you don't trust online, you won't trust mobile." He added that Bank of America currently leads in mobile banking; it launched its service in May 2007 and reported having 1.5 million customers using it actively by the end of 2008.

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### **First Data Debuts Two New Point of Sale Terminals**

First Data has announced the introduction of two new point of sale (POS) terminals, the FD300 and the FD200. "Developed based on merchant feedback, these devices offer unique capabilities that expand First Data's proprietary terminal line. The FD300 is designed for operations that have more than one business at the same location, and the FD200 is an all-in-one device that supports multiple payment types."

The FD300 is ideal for professional businesses needing to keep track of sales from separate businesses housed at the same location such as a dentist or doctor office. Its multi-merchant capability allows the merchant to designate which business the sale is applied to at the time of purchase with one terminal.

Other features of the FD300 include a large, easy-to-use color touch screen display; fast downloads via IP with dial-up as back up; terminal/printer combination; future availability of built-in, full browser support; the ability to accept virtually all payment types; five USB ports to support a full range of peripherals; two RS232 serial ports and the option for Wi-Fi.

The FD200 is an all-in-one solution that supports merchants that frequently accept checks such as retailers and a multitude of other vertical industries. It virtually eliminates the need to use several devices to process different forms of payment. The FD200 offers multiple TeleCheck processing products including electronic check acceptance, which converts paper checks to electronic transactions at the POS.

Other features of the FD 200 include a single, integrated space-saving device with the ability to settle in the preferred payment type; enhanced check imaging technology; dual-CPU's, one for checks and one for all other services; dual-printers, inkjet to void checks and thermal to print receipts, which saves money on ink and paper.

"With the FD200 and FD300, we are able to further expand the features and functionality of our proprietary terminal line," said Russell Bird, senior vice president, First Data. "Still possessing many of the capabilities of the flagship FD100, each of these devices really serve our merchants in unique ways; the FD300 is perfect for operations that have multiple businesses at one location, and the FD200 can process multiple payment types including checks, all in one device."

For additional information on First Data's POS terminal line, please visit:  
[http://www.firstdata.com/product\\_solutions/terminals\\_and\\_supplies/posmobile/index.htm](http://www.firstdata.com/product_solutions/terminals_and_supplies/posmobile/index.htm).

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## **Ingenico Protects Payment Card Data from Terminal to Host**

Ingenico has announced a new open architecture security enhancement, the Ingenico On-Guard solution, that the company says "will encrypt cardholder data from the transaction terminal to the merchant host, thus adding a significant security layer to card transactions that used to communicate in the clear. The new solution will be available on the Ingenico terminals sold in North America."

"With the increased amount of fraudulent activity in the electronic transaction industry, merchants require secure solutions they can trust to protect the data while in their retail systems. As the leading provider of payment solutions, Ingenico has taken the lead in producing a solution that will cause the least amount of disruption to the merchants business as well as one that is based on industry recognized and supported standards" said Lisa Shipley, SVP, Sales & Marketing, Ingenico North America.

"Unlike our competitors, Ingenico's open standard allows merchants and acquirers alike the freedom to adopt this enhanced security feature without purchasing a proprietary decryption package, or risk adopting a new encryption technology that has not proven itself in the marketplace. The security algorithms used in the Ingenico's On-Guard(TM) Solution have been backed by the financial industry for years and have proven to be more than effective in protecting sensitive and private information" continued Shipley. The Ingenico On-Guard(TM) encryption solution which incorporates MagneSafe(TM), a state-of-the-art security technology from MagTek, is available for both large and small merchants. The software is remotely downloaded into the transaction terminal without the need to swap the PIN pad for key injection. This results in a less intrusive fix as well as one that can be performed faster and at lower cost than competitive solutions.

The Ingenico On-Guard(TM) Solution secures the primary account number and personal information on the magnetic stripe card by encrypting selected information from point of entry (card swipe) to the merchant's host and or the Processor directly. Once received at the merchant's host, a decryption service is provided by Ingenico so the merchant can utilize the data for their approval and settlement purposes with their transaction Processor

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### **Realizing the Potential of Branchless Banking**

<http://www.cgap.org/gm/document-1.9.6433/FocusNote50.pdf>

“Access to payment facilities is a major enabler for achieving universal access to finance. Once I have the capability to easily pay and receive money to and from anyone, my range of financial possibilities expands”

Author: Ignacio Mas

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### **ATM and Self-Serve Banking Kiosk Market Opportunities**

Implications: Overall ATM and "advanced function" self-serve banking kiosks, capabilities, and transactions will continue to grow rapidly worldwide, albeit more slowly in developed markets such as the United States. Major under-developed markets including China, Russia, and India are adding devices rapidly. While overall ATM transactions and machine placements will grow, deployers of ATMs will continue to see declines in average transactions per device, the result of the proliferation of ATMs as a ratio of local population. Nevertheless, transaction growth opportunities will occur in all markets as new users are driven to the devices. A major factor in the continued growth of usage globally is the increasing market shift towards payment and cash-access cards of all types, the proliferation of locations, consumer reliance on the added functionality, speed and convenience of the devices, and the profitable strategic shift away from "human-delivered" service to "self-serve".

Analysis: Beyond new ATM locations and users, minor and major manufacturers and deployers, including NCR, Diebold, and Wincor Nixdorf, will need to enable added-value services, such as bill-paying and money-transfer, even gift card dispensing, that will drive additional users, transactions, and revenue streams to owners of self-serve banking devices.

Manufacturers, niche service providers such as Canadian-based Tio Networks, financial institutions and non-bank deployers of ATMs and other self-serve banking kiosks, such as Coinstar, are compelled to continue to develop products and services that add to revenues per location, without alienating core users seeking only cash.

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### **Tier Technologies to buy the assets of US ChoicePay**

US payment services provider Tier Technologies has closed a contract to acquire ChoicePay, a US electronic payment services provider.

Tier is to buy the latter's assets for USD 7.5 million in cash and an earn-out based upon a percentage of the company's future profitability of up to USD 2 million.

ChoicePay provides a suite of payment channels, including interactive voice response with natural speech recognition, a live call center, internet, walk-up payment kiosks, and retail agent walk-in locations. Cash, checks, ACH, credit, debit, and ATM cards are among the payment methods the company has to offer. At the end of 2008, ChoicePay registered USD 10.1 million in annual revenue.

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### **Top up ez-link at ATM, AXS**

COMMUTERS can now top up their ez-link cards at certain POSB and DBS Bank automated teller machines (ATMs) or at AXS stations.

They can use 31 ATMs at Suntec City, Jurong Point and Rivervale Plaza, among other places, for the top-ups. The other 900 machines will be ready by the end of June.

Commuters will also be able to top up their cards at 560 AXS stations currently used to pay bills and fines. To top up an ez-link card at an ATM, a user needs to select the CashCard/ez-link card services option, and then place his card on the dedicated card reader at the top right-hand corner of the machine.

EZ-Link executive director Nicholas Lee disclosed yesterday at the launch of the new service that the 20-cent fee for topping up the card would be waived for the first year.

He explained that EZ-Link decided to launch the service to make it more convenient for bus commuters who seldom pass through an MRT station to top up their cards.

Most commuters rely on the general ticketing machines at MRT stations for card top-ups.

Commuters can also top up their cards at 7-Eleven outlets.

Mr Lee said EZ-Link was open to working with other banks to offer the top-up scheme using their ATMs.

'This new top-up service will also encourage people to use their ez-link cards for more non-transit purchases,' he added.

In particular, the new generation ez-link cards, which have been available to users since the beginning of the year, can be used at selected retailers.

Their use will later be extended to include payments for Electronic Road Pricing charges.

More than 40,000 ez-link cards were replaced with the new generation cards during the first day of the programme.

Commuters have until Sept 30 to replace their old cards.

There are currently more than 10 million ez-link cards in circulation

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**ANCHORAGE, Alaska -- Wells Fargo ATMs throughout Alaska will have an option on the main screen that allows customers to donate up to \$250 to one of six Anchorage nonprofit organizations.**

The organizations include Camp Fire, Habitat for Humanity and the Iditarod.

Wells Fargo said it created the program to celebrate Alaska's 50th anniversary, and will be available till March 3.

Wells Fargo donated \$550,000 to seven nonprofits on Thursday.

"Often you don't know who to give to, and you'd like somebody to figure out who does a great job," said Richard Strutz, president of Wells Fargo Alaska. "Not to exclude other non-profits we just had to limit it to a manageable number and also to make it easy."

Wells Fargo chose the nonprofits because they say each represents our community well and has the ability to handle large amounts of money.

There are plans to eventually rotate other Alaska nonprofits onto the ATM displays.

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**ATMs Beat Other Marketing Methods: News from Wincor World  
Inspired by a 35 percent hit rate Pireaus Bank of Greece is taking ATM marketing international.**

By marketing to customers through the point of greatest interaction with the bank -- the ATM -- [Pireaus Bank](#), Athens has had an unheard of

35 percent response rate to its offers, attendees at Wincor World heard in Paderborn, Germany.

By contrast, Gavrii George, senior officer with Pireaus said, "The average response rate from direct mail is one percent to three percent."

Over the course of this decade, use of the ATM by the banks customers had grown to account for 45 percent of all their dealings with the bank, George said. "This raised the obvious question, 'Why shouldn't we use it as a marketing tool?'" George told some of the 7,000 delegates attending the annual user conference of Wincor Nixdorf, a leading global provider of ATMs and related services.

Pireaus is expanding its use of personalized marketing offers on ATM screens outside Greece to the other countries in which it operates: Cyprus, Albania; Romania, and Egypt.

"Once the customer swipes their card, we know who they are so it makes the ATM a very effective marketing tool," George said.

However he cautioned listeners not to overdo their ATM marketing: "It's not comparable to web marketing where the customer can spend hours browsing around, so whatever you want to say you must be brief. You do not want to delay their transaction or make them think that their money is at stake. This is very important."

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### **ATMs overloaded with massive cash withdrawals**

**VietNamNet Bridge – The sharp increase of the demand for cash to be spent on Tet purchases has led to many ATMs overloaded these days.**

Nguyen Tuyet Nhung, a Vietcombank card holder, said that her company has allowed staffs to begin Tet holiday early; the company paid January's salaries 10 days before January's end.

Nhung related that on January 21, she went to a Vietcombank ATM on Nguyen Chi Thanh street to withdraw money to purchase Tet presents for her family. However, the ATM there said that money had run out. She went to three other ATMs on the same street and read the same notice from the ATMs.

Le Huynh Ha, Head of the ATM Service Management Division under Vietcombank HCM City, said that the transactions at ATMs these days have increased by two-fold compared to ordinary days.

On average, every ATM has to process over 1,000 transactions per day instead of 500-600 transactions as previously. Meanwhile, the volume of cash provided by Vietcombank's ATMs every day is about VND150bil. East Asia Bank (EAB) and Agribank have also reported sharp increases of cash withdrawals from their ATMs.

Commercial banks say that more new ATMs have been installed in the last year, while the ATMs located at supermarkets and shopping centres have been provided money twice a day.

They added that the early returning of workers of many companies to their home villages to enjoy Tet has helped ease the pressure on ATM systems. Less traffic has also helped bank officers to bring money to ATMs more quickly.

However, banks are not sure that no problems will occur on Tet days for many reasons. One of the problems is that the bank notes carried in the ATMs these days are mostly new bank notes, which can easily make money stick in the ATM. In this case, though the ATM still has money, the screen will say that there are errors.

No regrettable error has been reported so far, but banks have confirmed that people these days always have to queue to get cash from ATMs.

Nguyen Thi Kim Xuyen, Deputy General Director of East Asia Bank, reminds clients that they can go directly to the bank's transaction points to get money if they want to withdraw big sums of money.

Bankers say that they will stay open until the end of January 23 (December 28 Lunar Year), while others say that they will serve clients until noon January 24.

Nguyen Thi Thanh Hang, Head of the Card Management Division under Vietcombank, has called for the sympathy of clients as the demand for cash withdrawals has been increasing sharply these days.

“It takes Vietcombank’s staffs some 30-40 minutes to put money into ATMs. Besides, the bad traffic on Tet days may also delay the bank notes carriage,” Hang said.

She added that clients should keep patient and go to other ATMs to withdraw money if they cannot withdraw money from one or another ATM, or make transactions with the ATMs of other banks nearby.

However, clients now do want to withdraw money from other banks’ ATMs as they have to pay VND3,300 for every cash withdrawal.

According to Hang, Vietcombank’s cardholders make some 7mil transactions on average at Vietcombank’s ATMs per month.

(Source: Dan tri, Tuoi tre)

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