

MasterCard
International



In Europe

MASTERCARD EUROPE - ISSUE 2 - MARCH/APRIL 2005



SEPA: MASTERCARD MAKES IT HAPPEN |

Editorial

Top of the agenda for the banking community at the moment is the development of the Single European Payments Area. So, in this edition we have an extended article looking at the key thinking behind SEPA and MasterCard's perspective on it.

We also have news on some innovative programme rollouts and marketing campaigns, demonstrating the value that the MasterCard brand is bringing across Europe.

You can also read about Russian Standard Bank, and its recently announced conversion of its proprietary credit card portfolio to MasterCard Electronic revolving credit cards, enabling Russian citizens to benefit from this exciting entry-level credit product.

Enthusiasm is already building for the FIFA World Cup™ 2006 in Germany, and the first tickets have already gone on sale. MasterCard is the exclusive card for the first four phases for tickets bought on the Internet, bringing a clear advantage to MasterCard Cardholders.

We are always pleased to receive your feedback, so if you have any comments about *In Europe* please send them to Sue Davies at sue_davies@mastercard.com

Students Cheer Payment Cards in Slovakia

Two new multipurpose MasterCard products for students were recently launched to an enthusiastic response in Slovakia. L'UDOVA BANKA, a member of the Österreichische Volksbanken AG financial group, has introduced the Multipas Maestro® Card, while Vseobecná úverová banka (VÚB) has unveiled the ISIC MasterCard Electronic™ Card. Both cards combine the functions of an Electronic payment card, a University student ID and an International Student Identification Card (ISIC). VÚB has also issued a card for teachers and university employees – the ITIC MasterCard Electronic Card.

L'UDOVA BANKA's Multipas contains a new MasterCard chip feature and contactless chip, while VÚB's card combines magnetic strip technology for banking operations and a contactless chip for non-banking operations. Both cards can be used at a variety of university-related facilities and services,



such as dining halls, libraries and laboratories, as well as for payments for goods and services at businesses outside the university.

VÚB is offering an extra financial 'bonus' to students who activate the payment function of their ISIC MasterCard Electronic Card and open a current account with the bank. In addition, selected VÚB business partners in the university area are granting discounts of 5% to 20% on card payments for goods and services. Initially, the ISIC MasterCard Electronic Card works like a prepaid card; after a period of time, the bank can then assign it a credit limit for use as a credit card.

L'UDOVA BANKA is offering Multipas cardholders a current account with the bank and an extra service package, free of charge. So far, L'UDOVA BANKA has introduced its Multipas cards to an enthusiastic response at five Slovak universities.

VÚB, which launched its card at Constantine the Philosopher University in Nitra and is involved in discussions with other universities, expects to issue 12,000 cards for students and 800 cards for teachers and employees by the end of 2005. ▶▶



Make Your Wish Come True – with Coca-Cola Maestro Prepaid Card

In Turkey, Coca-Cola has launched a powerful promotional campaign with the theme 'Make Your Wish Come True', with a Maestro Prepaid card as the big prize. With this campaign, Akbank, the largest issuer of Maestro cards among the private banks in Turkey, has pioneered an exciting way of using prepaid cards.



Consumers entered the Coca-Cola campaign with an SMS message, by sending the codes found inside the caps of Coca-Cola and Coca-Cola light bottles. Consumers could increase their chances of winning by sending the codes each time they purchased a new bottle. The highly successful campaign lasted for 8 weeks. Each week 5 winners were identified in a prize draw and won Maestro Prepaid cards with a value of ₺ 5,555. The cards, valid for 3 months, could only be used for purchase transactions. In addition, every 50th person sending the SMS message won a Coca-Cola watch!



The promotion was announced with a dynamic Coca-Cola TV advertisement and extensive use of outdoor media. This was the largest prepaid card promotion ever in Turkey, and it received a lot of media attention, stimulating interest in other prepaid opportunities within the country. ►►

Russian Standard Bank Opts for MasterCard Electronic

Russian Standard Bank recently announced the conversion of its proprietary credit card portfolio to MasterCard Electronic revolving credit cards. Russian Standard Bank is one of the leaders in the consumer loan market in Russia and was the first bank to offer the direct sale of consumer loans in shopping centres in Russia.

The conversion process consists of automatically replacing the proprietary cards, upon expiration, with MasterCard Electronic cards, as well as offering the MasterCard Electronic to all new clients applying for a consumer loan. By the end of 2004, the bank had issued some 2 million proprietary cards, making

this the largest such card migration project in Russia.

"MasterCard Electronic is a first-level credit product, which was developed for those banks having mass consumer credit programmes," explains Andrei Korolev, Vice-President and General Manager of the MasterCard Europe office in Russia. "We believe that this



product will perfectly serve the interests of Russian Standard Bank and its clientele."

"The launch of MasterCard Electronic gives more spending opportunities to our clients," says Georgi Gorshkov, Senior Vice-President of Russian Standard Bank. "Now they will be able to use their credit cards not only in Russia, but also while travelling abroad."

For the moment, MasterCard Electronic cards are available in Moscow and nine regional centres. In 2005, the bank is planning to roll out the programme to almost 90 sales offices all across Russia. ►►

Desperately Seeking SEPA?

By 2008, the Single European Payments Area (SEPA) should be a reality. Three years may seem a long way off, but decisions on the infrastructure, delivery and products are being taken in the next few months.

Today, thanks to the euro, cash is largely treated the same way throughout the eurozone. What SEPA will do is bring this level of harmonization to other forms of payment. SEPA focuses on retail payments: cash, cards, direct debits, and credit transfers. While credit cards are included within SEPA the existing widespread acceptance and global rules and standards means that the cardholder and merchant experience is already largely harmonized under the major credit card schemes.

MasterCard Europe – and its predecessor, Europay International – was the architect of Europe-wide payments long before a single currency was implemented, with the eurocheque making borderless payment possible back in the 1960s. 2004 marked 40 years since the company's credit cards were established in Europe, underlining the fact that MasterCard Europe really was the pioneer in cross-border payments.

Cards are vital to the economic health of Europe. Their usage is already borderless, and they constitute the only widespread means of payment in the virtual world. Now, on the threshold of a truly single market for Europe's 456 million consumers, MasterCard Europe has the products and infrastructure that will meet the objectives set by the ECB and the European Commission, and will provide an effective migration path to those wanting to start the SEPA

journey now. Its products are interoperable and borderless, its payment scheme has open access for any appropriately supervised financial institution, and its operating rules and standards are transparent, consistent and global. It also has a licensing structure that allows issuing and acquiring throughout the EEA.

MasterCard's primary debit brand – Maestro – now appears on 250 million cards in Europe alone, with a growing number of countries adopting it as their domestic debit brand. Maestro is a ready-made platform to meet the requirements of SEPA. And MasterCard MoneySend further facilitates SEPA by leveraging the existing MasterCard Europe network to allow person-to-person (and business-to-person) payments within Europe.

All the structure, rules and standards, network and products are in place for Europe's banks to speed implementation of a SEPA for debit cards. However, there are some potential obstacles. The authorities, regulators, banks and retailers need to support card payment over less efficient methods. Cash for example is inefficient, insecure, and limits consumer spend compared with cards, yet it is typically not priced at real cost. Merchant back-office and security/theft costs are often discounted, and the costs to society (e.g. for distribution) are typically not considered at all.

Regulators also need to play their part. Card payment is essentially the



same, whether made domestically or cross-border. Yet regulatory treatment differs from country to country (and at EU level), threatening Europe-wide card operation, and sending a very mixed message to potential new entrants in an otherwise highly innovative product area.

It is also vital to guard against removing barriers within Europe, only to rebuild them between Europe and the rest of the World. Payments are in the vanguard of financial services, which are increasingly globalizing as banks and retailers seek to extend their reach. Consumers look to buy in a global



marketplace, and we must therefore ensure that their consistency of card experience does not stop at Europe's borders. Cards must remain global and ubiquitous, if they are to underpin payments in the 21st Century.

MasterCard Europe is committed to the vision of a SEPA for debit cards that will deliver an exciting new payments landscape and realize benefits for all parties – for banks, merchants, customers and for the economy.

Request a copy of MasterCard Europe's SEPA plan for debit cards (termed the Green Paper) by sending an e-mail request to Veronique_Dufour@mastercard.com with Green Paper as the subject line. ▶▶

UBS Launches New Premium Cards

UBS, the number one issuer of credit cards in Switzerland and one of the world's largest providers of wealth management services, has extended its range of credit card products. In addition to the existing Standard and Gold Cards, it now offers two premium products tailored to the specific requirements of affluent clients: UBS MasterCard® Platinum and UBS MasterCard Excellence.

euros or US dollars. This means that, irrespective of whether the card is used in Switzerland or abroad, the transactions can be kept separate and charged directly to the relevant bank account.

UBS has launched another exclusive premium product for high-net-worth private clients which is positioned above the Platinum Card: UBS MasterCard

even the most demanding of requirements to the full satisfaction of the cardholder. Selected offers from the MasterCard Premium Collection – supplemented by additional special offers from other partners – are available exclusively to Excellence cardholders on a dedicated, password-protected website. In order to ensure that clients receive the personalized priority care they expect, UBS only offers this card to selected key clients in the area of wealth management.

"In launching our new premium cards we have sought specifically to appeal to high-net-worth clients by extending the range of credit cards which meet their needs. This means we now have an additional segment-specific tool for acquiring new business and building on existing client relationships in the strategically important wealth management area," explains Constantin Bregulla, Head UBS Card Banking, confident of the new cards' success.

The two new card products will initially be offered exclusively to clients with a bank account in Switzerland. The offer will be extended to UBS branches in other European countries at a later date. ▶▶



Christian Stolz (MasterCard Europe), Constantin Bregulla (Head UBS Card Banking)

UBS is the first bank in Switzerland to issue a platinum version of MasterCard, thereby appealing specifically to wealthy and discerning clients who appreciate comprehensive additional benefits and top-quality service. As well as the main card, the Platinum range includes three additional cards available in a choice of currencies: Swiss francs,

Excellence. This card is based on the World Signia platform but is clearly differentiated from other cards by virtue of its distinctive design within the parameters of UBS's brand identity as well as its exclusive additional services. These are centred around the personalized concierge service, which makes every available effort to meet

2006 FIFA WORLD CUP™

BUY YOUR WORLD CUP TICKETS WITH MASTERCARD

On January 24, 2005 MasterCard announced that it serves as the exclusive card for the first four phases of the 2006 FIFA World Cup™ ticketing process on the Internet.

This agreement provides member banks and partners with unique business building and card usage opportunities by highlighting MasterCard's relationship with the sponsorship property in a relevant manner.

On February 1, 2005 FIFA and the German Organizing Committee for the 2006 FIFA World Cup began accepting ticket applications online through FIFAworldcup.com.

Significant milestones included:

- Receiving some 70,000 applications within the first 16 hours
- More than one million ticket applications received in the first two days
- 243,777 applications received, representing 1,576,938 tickets (as of February 10)

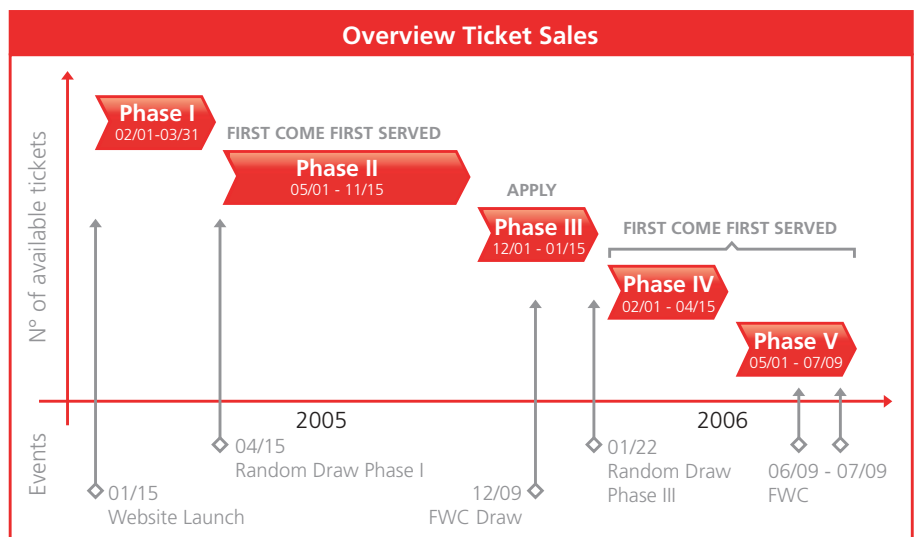
MasterCard's new status as the exclusive card payment option for 2006 FIFA World Cup™ ticket sales has generated increased traffic to MasterCard's websites. The FIFA World Cup "Find A Card" microsite launched the week of January 24 and accounted for 11.2% of all mastercard.com site traffic. One week later, when ticket applications/orders began, that percentage jumped to 15.2%.



Further, total visits to our football microsite increased 42% from the week of January 24 to the week of January 31.

The FIFA World Cup™ is viewed by a cumulative audience of more than 30 billion fans in 213 countries, and with a television audience of nearly 50 times that of a typical U.S. Super Bowl and 20 times that of Wimbledon, 'Priceless' opportunities abound.

The draw to decide the groups for the 2006 FIFA World Cup™ tournament will be held in Leipzig on December 9, 2005. ▶▶



To apply for tickets to the 2006 FIFA World Cup™, please prepare your MasterCard card and go to: <http://tickets.fifaworldcup.com/reg/wmestart.htm>

MINT Condition

SPONSORSHIP CALENDAR OF EVENTS

May 25th, 2005

UEFA Champions League Final (football)
Istanbul, Turkey

May 26th-29th, 2005

BMW Championship (golf)
Wentworth, England

June 5th-19th, 2005

UEFA Women's Championship (football)
United Kingdom

June 10th-July 2nd, 2005

FIFA Youth World Championship (football)
The Netherlands

June 15th-29th, 2005

FIFA Confederations Cup (football)
Germany

July 2nd-10th, 2005

ATP Swedish Open (tennis)
Bastad, Sweden

July 21st-24th, 2005

Senior British Open Championship (golf)
London, England

August 25th-28th, 2005

BMW International Open (golf)
Munich, Germany

August 29th, 2005

UEFA Champions League
Draw Group Phase (football)

October 27th-30th, 2005

Volvo PGA Masters (golf)
Valderrama, Spain

December 12th, 2005

UEFA Champions League Draw (football)
1/8 Finals

December 9th, 2005

FIFA World Cup™ Final Draw (football)

MINT, a new direct financial services brand from The Royal Bank of Scotland, is creating quite a stir in the UK with its award-winning advertising campaign and innovative promotional offers. Launched in December 2003, MINT features a range of MasterCard products and personal loans "designed to appeal to customers who don't want to compromise on price, value or service."

MINT credit cards are available in classic, gold and platinum, as well as the innovative 'mc2 shape', which was the first change in credit card format in the UK market in over 30 years. MINT is currently the only card issuer in the UK to offer the mc2 card in association with MasterCard.

As part of its marketing drive, MINT is gaining notice with its quirky, humorous ad campaign. In February 2005, MINT received the coveted People's Choice Award for 'Best Credit Card Direct Mail' by Tank!/Direct Marketing Association. This second award for MINT's marketing literature and advertising follows the 'Most Innovative Marketing/Advertising Campaign' award from the Institute of Financial Services in November 2004. The People's Choice Awards are among the hardest and most prestigious in marketing

to win and are some of the world's most comprehensive consumer awards.

In addition, MINT is partnering with Samsung in a promotional offer sent out to over 400,000 MINT MasterCard cardholders. Customized from MasterCard Europe's Turnkey promotions, the offer features an ultimate Samsung digital home theatre system as the grand prize, along with the latest generation Samsung DVD player for the runners-up.

MINT MasterCards, which are Chip and PIN-enabled, feature a 0% introductory interest rate until 1 September 2005, and then a low standard rate of 12.9% APR. They also provide 0.5% cashback on purchases, 24 hour telephone and online customer service, and an Internet guarantee which covers cardholders against online fraud.

MINT also offers cardholders a number of other unusual benefits and special offers, such as savings on travel and leisure activities, an online wine club, discounted magazine subscriptions and prize competitions. MINT is offered direct to consumers rather than via a branch network. Have a look at www.mint.co.uk for the programme. ►►



Big Turnout in Poland

MasterCard in Poland has held the second edition of its 'Master of Consumer Service' contest for bank employees and managers. In the contest, participants have to demonstrate their knowledge of premium credit cards, business cards and co-branded programmes. They also must prove their skills in customer service – including methods of dealing with difficult clients – effective selling strategies and negotiating.

"This edition of the contest was a spectacular success, with 365 teams representing 31 different banks actively taking part," says Hanna Staskiewicz, Marketing Manager at MasterCard in Poland. "We received many e-mails and calls from bank employees, expressing their enthusiasm and praising the MasterCard initiative," she adds.

The format of the contest is based on an elaborate case study with multiple choice

questions and an open question. This year, 31 teams made it to the finals. The winning team, made up of Joanna Pawlusiewicz and Piotr Karas, are from the Customer Division of Bank PEKAO SA (part of Unicredito Italiano).

Participants, who say they appreciate the cognitive value of the contest and the scope of knowledge conveyed in the case studies, are already enquiring about future programmes of this kind. ►►



MasterCard Academy

YOUR PARTNER

FOR THE TRAINING

YOU NEED

ACADEMY@MASTERCARD.COM

COURSES	LOCATION	DATES
<i>To register for a course in Dublin, please use: https://programs.regweb.com/mastercard/dublin2005/</i>		
Revolving Credit : A Profitable Card Option	Dublin	12-13 April
Activation Strategy	Dublin	14 April
Managing Your Debit Portfolio	Dublin	14-15 April
Fraud & Risk Management	Dublin	12-13 April
Chip Chargeback Workshop	Dublin	14 April
<i>To register for a course in Berlin, please use: https://programs.regweb.com/mastercard/berlin2005/</i>		
Profitable Card Management	Berlin	26-28 April
Optimising your Card Business with Chip	Berlin	26-27 April
How Chip Works for Debit & Credit Cards	Berlin	28-29 April
Clearing & Settlement Services for Members	Berlin	26-27 April
Clearing Migration Workshop	Berlin	28-29 April
<i>To register for a course in Warsaw, please use: https://programs.regweb.com/mastercard/warsaw2005/</i>		
Developing Affinity & Co-Branded Programmes	Warsaw	10-11 May
Implementing e-Business Solutions	Warsaw	10 May
<i>To register for a course in Waterloo, please use: https://programs.regweb.com/mastercard/waterloo2005/</i>		
Operational Excellence with MasterCard	Waterloo	10-11 May
Dynamics of Merchant Acquiring	Waterloo	12-13 May
<i>To register for a course in Brussels, please use: https://programs.regweb.com/mastercard/brussels2005/</i>		
Security in the Virtual World	Brussels	11 May
e-Commerce Merchant Web Site Security	Brussels	12 May
Transaction Processing Security (Implementation & Operation)	Brussels	13 May

Register early to obtain the earlybird rate!

Please contact the Academy to receive full details and Curriculum 2005:

Tel. + 32 2 352 58 10 Fax + 32 2 352 53 54 – e-mail: academy@mastercard.com

This publication contains forward-looking information. Although MasterCard believes that its expectations are based on reasonable assumptions, it can give no assurance that its objectives will be achieved. MasterCard disclaims any obligations to publicly update or revise any forward-looking information.