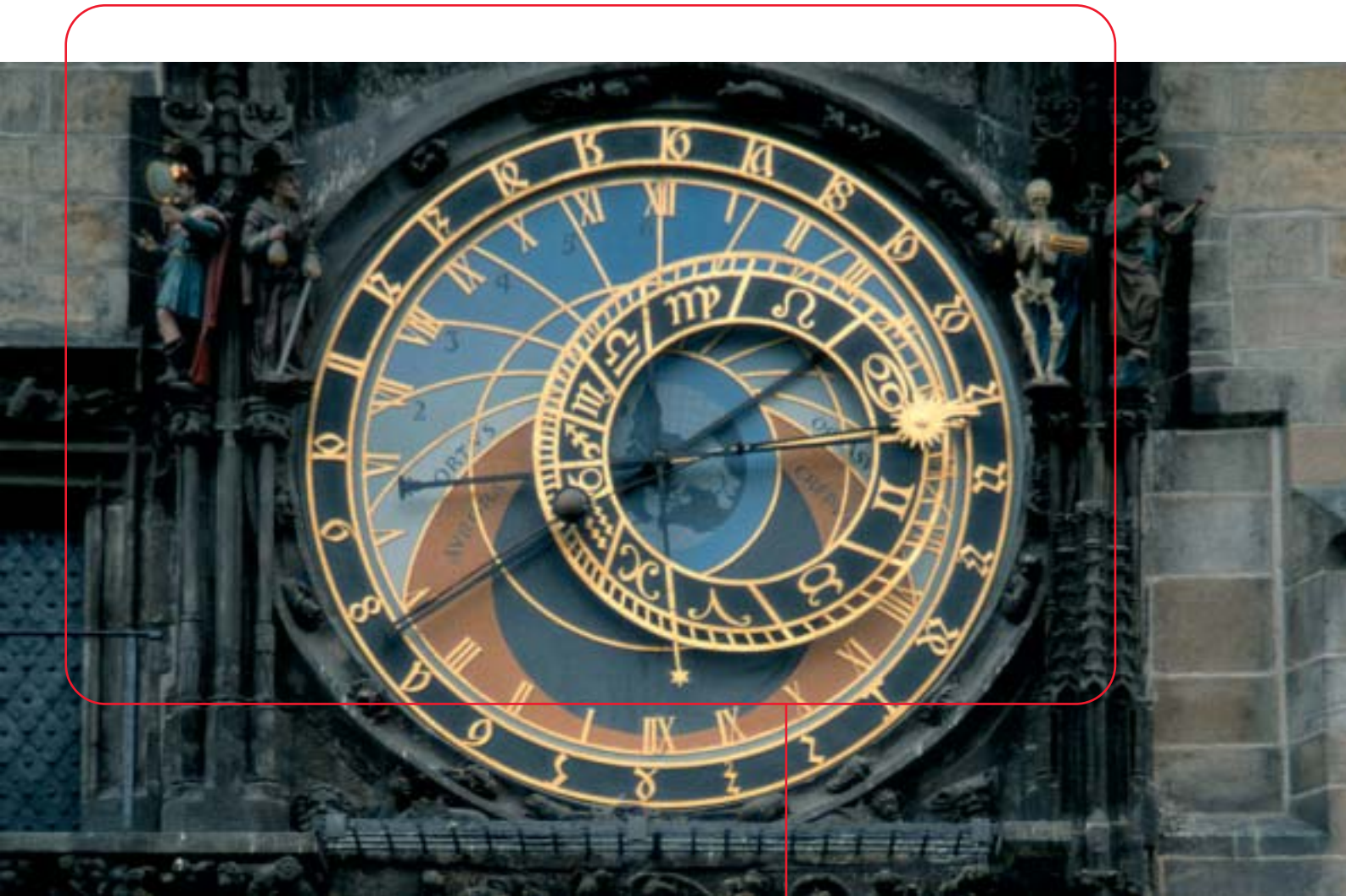


MasterCard
International



In Europe

MASTERCARD EUROPE - ISSUE 3 - JUNE 2003



MASTERCARD EUROPE FORUM IN PRAGUE

Editorial

This edition of *In Europe* marks a very special occasion – the MasterCard Europe Forum. Against the backdrop of the beautiful surroundings of Prague, delegates will be able to listen to some truly remarkable speakers, find out about the latest developments in the payment's industry and catch up with what is going on across Europe and beyond.

With the profitability of members always front of mind, this edition also features innovative Turnkey promotions developed to drive card use, stimulate first trials by customers and provide incentives for merchants and bank staff.

Inside you will also find news from Europe's sub-regions so you can also read about what is going on locally including news on new card roll outs and co-branding opportunities.

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

MasterCard Academy Competition Winner to be Announced at MasterCard Europe Forum in Prague



Since the Academy opened its doors in 1993, 20,000 participants from MasterCard members around the world have benefited from Academy training courses. These vary from technical workshops to fraud prevention seminars to product information sessions. Over the past ten highly successful years, favourites have emerged such as the authorisation, clearing and settlement courses and the chargeback training, which has a proven effect on profitability. The training is given wherever possible by MasterCard employees whose day-to-day responsibilities keep them at the cutting edge of their chosen subject.



Customer satisfaction with the courses currently stands at 91%. "It is very gratifying to have such positive feedback", said Andrew Slattery, Head of the Academy. "We really value our customers, and are always pleased when they keep in touch. We feel that MasterCard is not simply delivering training at our events but building mutually beneficial working relationships for the future," he continued.

To celebrate the ties built with so many individuals from the banking community the MasterCard Academy decided back in January 2003 to offer the 20,000th person to enrol on a core course a truly VIP experience. The lucky individual, whose identity will be announced at the MasterCard Europe Forum in Prague, will travel to the course in business class, be treated to a gourmet experience and will also enjoy a show in the European capital where the course takes place. The name of the lucky winner will be published in the next edition of *In Europe*.

Over the coming months the MasterCard Academy will be running courses in Zagreb, Budapest, London, Stockholm and Brussels. For more information on these and other courses and events run by the Academy please consult the Academy pages on MasterCard Online or contact us directly on academy@mastercard.com 

MasterCard: Turning Your Promotions into Profit

Increasing card use has a direct impact on banks' profitability. MasterCard Europe has come up with a variety of proven Turnkey promotions to drive card use, stimulate 'first trials' by customers, and provide incentives for merchants and bank staff alike.

Promotions are a great way to generate card use, but organising them and developing the communications to support them can be time-consuming and daunting. MasterCard Europe has developed a set of proven off-the-shelf Turnkey promotions for below-the-line communications, enabling banks to talk directly to their customers and motivate them to use their cards.

Unique to Europe, these have been carefully chosen following research into what cardholders find most motivating and relevant to key-spend categories, including travel, entertainment, fashion, shopping and pampering amongst others. Everything needed to get the promotion going is already prepared, including all artwork, graphics, and sup-



porting text. This 'no hassle' package means that banks do not have to worry about things like negotiating picture rights, or paying expensive design agency fees, as this has already been done for them. And to make life even easier, the package also includes useful tips on how to run the promotions.

This flexible approach means members can pick which promotions they want for their customers. Included in the package are alternative realisations for

the promotions to ensure that banks in the same locality can each roll out individualised communications. While all the text included is in English, it can easily be translated into local languages. "These highly attractive promotions have been designed with speed, efficiency and ease-of-use in mind enabling banks to maximize their efforts in communicating with cardholders. Using these materials, a bank should be able to roll out a highly professional promotion in just a few weeks. Equally important is that they will dramatically reduce the cost of developing promotions while delivering results in usage and issuance objectives.", says Pascale Korkmaz, Marketing Director MasterCard Europe.

These eye-catching communications can be used to complement banks existing promotions, stimulate card usage and strengthen customer relationships. If you would like to receive a copy of the Turnkey promotions package, please contact Pascale Korkmaz at Pascale_Korkmaz@mastercard.com ►►



Smart cards, SmartCities, Smart Transport

Smart cards bring to life a whole range of services for cardholders – providing added value benefits on top of cutting edge payment solutions. In this article In Europe explores the latest projects that MasterCard Europe is involved in together with the European Commission, which are designed to make life easier for city dwellers and travellers.

MasterCard Europe is a key partner in the SmartCities project, which is designed to enable medium-sized cities to benefit from the advantages of a smart card environment. Southampton City Council in the UK has been piloting this groundbreaking project, earning itself recognition as a centre of expertise in e-government. The project, jointly funded with the European Commission has given residents of Southampton and its university student population a personal portable and highly secure means of accessing City facilities and transport services.

SchlumbergerSema is the key coordinator, bringing together a range of partners actively involved in making the project a success. As well as MasterCard Europe, partners also include the University of Namur in Belgium and the City of Gothenburg in Sweden, fostering important links for the future. The card, which includes cardholder name and photograph, is now being used in Southampton for a range of different services including:

- ✓ Transport: the card can be used as a bus pass on Unilink buses

- ✓ Secure access: the card has full PKI functionality and can be used for a range of online services requiring authentication
- ✓ Proof of identity and age (particularly beneficial to those eligible for a range of concessionary services)
- ✓ Library services
- ✓ Leisure: the card can be used in all the city leisure venues



- ✓ Schools: the card is currently being rolled out to four schools for catering and attendance monitoring

Rob Gair, SmartCities Programme Manager says that, "The smart card developments that have taken place over the last 2.5 years have provided Southampton City Council with an excellent platform on which to develop its modernising and e-government strategies. The cards will add real value for the residents of Southampton and it is anticipated that new applications will be added over the next few years to enhance its usefulness and attractiveness to the public."

While Southampton City Council has taken a major step in integrating smart cards into City life, MasterCard Europe is

also supporting another smart card developed for mass transit use, with the European Commission funded Triangle Project.

This will provide a simple, workable and manageable interoperable solution for door-to-door travel based on a chip card. The first trials are being run by transport partners STIB (in Brussels), RATP (in Paris) and Thalys (the operator of the high-speed train between Brussels and Paris). On a 'Triangle-enabled card' an additional feature is added to a contactless stored value chip card enabling it to be used to pay for tickets from any of the transport partners, and low value payments in either country. Interoperability between various operators (in transport as well as in other

industries), is always difficult to achieve. This project demonstrates that in the ticketing environment, smart cards can bring it about in a seamless way. No complex technical development is required. The flexibility and security of smart cards, even contactless ones, allow travellers to buy metro tickets in Brussels, take the train to Paris, tour the City on a bus and pay for their drinks on a café's terrace with the same smart card device.

Mr Alain Flausch, Administrateur-Directeur Général of STIB (the Belgium transport operator) said: "STIB is keen to develop a strong co-operation with the banking world in order to associate in a single card the transport application, and the commonly used payment tools."

MasterCard Europe is also supporting Omnipurse, a transport- and payments-driven research and development project aimed at enabling secure and high-speed payments for one-off transport journeys to be paid for via a contactless e-payment card.

Omnipurse will demonstrate the feasibility of meeting transaction speeds high enough to ensure a satisfied flow of urban travellers, along with a level of security high enough to combat fraud in

one unique system. The European Commission has identified the European citizens' need for more and more mobility to work and live in a congested urban environment. The Commission, together with MasterCard Europe wants to foster through Omnipurse the simplification of mass transit systems, thereby broadening the interoperability of networks. These are best achieved through standard and secure payment means made real with smart cards. ►►

4th Affinity & Co-Branding Conference

Cannes 24th and 25th
September 2003

This year we have witnessed the launch of some truly innovative new affinity/co-branded programmes.

The 4th Affinity & Co-Branding Conference promises to be the flagship event in the co-branding calendar. As well as members, affinity/co-brand partners or potential partners are cordially invited – providing an unparalleled opportunity to network and develop new partnership opportunities.

With the trend towards private label conversion in full swing, this topic will feature heavily on the conference agenda. Other topics will include co-branding in the premium sector, developing a global affinity partnership with MasterCard, airline co-branding and new research commissioned by MasterCard into usage and attitudes of co-branded cards. ►►

*For more information
please contact
Janet_Dechamps@mastercard.com
or tel: + 32 (0)2 352 56 57
or visit
www.mastercardonline.com*

New Hungarian Member to Rebrand Credit Cards

Magyar Cetelem Bank in Hungary has decided to join MasterCard International and to relaunch all its existing AURA credit cards as MasterCard Electronic cards. According to the bank's president, Dr János Lendvai, the move represents a major step forward and a milestone in the history of Magyar Cetelem Bank, Hungary's market leader in granting commodity credit and part of the BNP Paribas Group.

The AURA credit card was originally a propriety brand designed for customers to make purchases at AURA-accepting locations in Hungary, primarily for household goods. As new partners joined the programme, further AURA co-branded cards were launched.

"After Italy and Spain and this year Portugal, Germany and Morocco, we are very proud to see the development of our global relationship with Cetelem in Hungary," said Sandrine De Clerck, Vice

President Key Customer Management MasterCard.

The decision to relaunch the AURA cards as MasterCard Electronic will enable cardholders to use them to buy goods and services at nearly 20,000 merchant locations. In addition, Magyar Cetelem Bank has decided to supplement the card with the Cirrus brand, giving its customers access to cash at around 2,750 ATMs in Hungary.

"Magyar Cetelem Bank is the second bank to bring MasterCard Electronic to the Hungarian market within six months. The decision to join MasterCard International, and to make its products available to its customers, is a clear recognition of the benefits and potential that MasterCard offers its members, both in Hungary and beyond," comments Zdenek Houser, MasterCard Regional Manager for Hungary and Croatia. ►►

MasterCard Europe Forum Prague 19 – 20 June

The MasterCard Europe Forum is one of the highpoints of 2003 for the payment's industry. Held every two years the Forum is renowned for combining the best in leading edge thinking with the best in advanced payment technologies.

This year the theme of the Forum is *Successful Strategies – Inspired Leadership*, and delegates will have the chance to listen to and discuss issues with some of the foremost thinkers and business leaders of our time. Professor Joseph Stiglitz, Nobel Prize winner for economics and former President of the World Bank will share his insights on 'The Challenges Facing the Global Economy Today' and Professor Francis Fukuyama, the author of 'The End of History and the Last Man' will take a step forward in time to anticipate 'The Next Big Thing'. Bob Selander, President and Chief Executive Officer of MasterCard International, will be giving a keynote address on 'MasterCard's Global Transformation'



and Peter Hoch, President MasterCard Europe, will be speaking on 'MasterCard Europe's Vision and Strategy'.

MasterCard Europe, like many of our customers, has undergone some strategic changes in the past year in response to developments in the marketplace. It seems appropriate therefore that one of the key topics will be Business Transformation and Customers. Anders Kunsten, former president of Bang & Olufsen will be starting the debate on these issues on the first morning of the conference, focusing on the changes he oversaw there - moving the company from being product-driven to vision-driven. Strategies and outcomes that drive transformation will also be on the agenda later in the day when Vratislav Kulhánek, Chairman of Skoda, will lead delegates through the business steps that led to Skoda's transformation and success.

The second day of the conference is given over to MasterClasses, providing

delegates with the opportunity to discuss with both experts and their peers the issues and changes that are impacting their business, and how to use them to best advantage. A vendor network area will also be available where delegates will be able to discuss issues of importance with 25 selected vendor business partners. Throughout the two days 12 demonstrations will be running covering all aspects of our payments programmes and services. This will give delegates the chance to try out and quiz those who are responsible for their development and implementation.

The Forum is also a real opportunity to combine business with pleasure. The venue is the Municipal House in Prague – one of the most beautiful art deco buildings in Europe. And for the evening a magnificent gala dinner in Prague Castle will give delegates a glimpse of life in the days of Emperor Rudolph II – the last of the Hapsburgs, who died in 1611.



Finns respond enthusiastically to new card designs

Until recently, Sampo was best known as an insurance company. So when the bank wanted to build its banking brand and promote its image as a modern and accessible bank it launched an innovative new MasterCard credit card.

"Credit cards have traditionally been created with the aim of communicating dignity and reliability. But we wondered why credit cards could not also say something about the personality of the owner – after all, Finns are eagerly changing the covers of their mobile phones," says Maarit Näkyvä, Executive Vice President, Head of Retail and Private Banking at Sampo Bank.

Therefore, the new MasterCard cards come in three alternative versions, and Sampo Bank sought well-known Finnish images that are also recognised internationally. The most popular one of the three cards features a duck painting by

artist Kaj Stenvall. The other alternatives feature Marimekko's Unikko print and a football field.

"The football design is popular with people for whom football is a lifestyle. Marimekko's Unikko, on the other hand, is the choice for the modern woman, while the duck could well symbolise a little rebellion tucked away in the wallet of a Finnish businessman or woman," Näkyvä explains.

NEW CUSTOMERS FROM THE TARGETED CUSTOMER SEGMENT

Customers have responded enthusiastically to the new cards. In the first few days following the launch: card applications were six times higher than normal, resulting in credit card issuing rising to a whole

new level. The rapidly growing group of users consist of well-educated, young and active city dwellers. According to Näkyvä, the new designs have further strengthened the demand for cards in this target group. ►►



Financial Resource Guide Pays Off for Small Businesses

Small businesses need all the help they can get – especially in these uncertain economic times, which is why the MasterCard Small Market Solution is proving such a hit with banks' customers. Under the umbrella of MasterCard Working™ in Europe the Small Market Solution helps banks reach their small business customers with products specially geared to their needs.

One of the added value benefits banks can offer their customers is a specially researched Financial Resource Guide,

which gives details of all European Union grants available to small businesses, who is eligible and how to apply for them. Published by MasterCard Europe the guide is designed to help small businesses maximise the financial assistance they can get from outside sources.

The editions of the Guide for Spain, UK and the Republic of Ireland, and the Nordic countries are now available and those covering the other European Union countries will be published shortly. In

Spain, Santander Central Hispano, is providing it together with MasterCard BusinessCard® cards. The bank considers this initiative very interesting and is extremely pleased with the final result of the Resource Guide. "According to our estimates, no less than 30,000 copies will be distributed to small business customers during the next few months. We think it will be valuable to them - which means it will be valuable to us!" said Carlos Garcia Casa from Banco Santander Central Hispano. ►►

Lokomotiv Moscow FC, Celebrate Championship Success with MasterCard Cards

Russian Promsvyazbank has launched a co-branded Maestro Prepaid card programme in partnership with Lokomotiv Moscow Football Club – winners of the Russian Championship tournament in 2002.

The card will provide discounts at all facilities in the Lokomotiv's brand-new stadium, a modern international sports arena in Moscow with 30,000 seats, the

Loko Park sports and entertainment complex, and the aqua park, which is currently under construction.



At the gala-reception dedicated to Lokomotiv's victory in the Russian 2002 Football championship, which was held in Moscow's Grand Kremlin Palace, Promsvyazbank representatives awarded the team with a symbolic gift - a big MasterCard card with the team image on it, and handed MasterCard Gold cards to each player. The gold MasterCard cards were a valuable addition to the gold medals of the Russian champions. ▶▶

MasterCard Chip Cards Reach Ukraine

Bank AVAL, one of the main banks in Ukraine has launched the first MChip/Lite issuance programme there. Commenting on the results of this teamwork, Mr Alexander Derkach, Chairman of the Board, said: "MasterCard has helped us to open a new page in the history of payment cards in Ukraine. And we are very proud

to be first in the country to offer this technology to our customers."

According to their business plan, AVAL will issue 5,000 Maestro chip cards at the pilot stage and will start the mass migration to chip by the end of the year. In parallel, AVAL is finalising the acquiring certification and has already

installed 1,200 POS-terminals capable of accepting chip cards. By the end of the year most of the AVAL acquiring network will be chip-compliant.

AVAL bank currently has about 34,000 MasterCard and over 460,000 Maestro cards in its portfolio. ▶▶

MasterCard Electronic Judged Best Consumer Card in Poland

A MasterCard Electronic™ Card issued by PKO BP has been judged the best consumer credit card in Poland by the leading daily business newspaper *Puls Biznesu* (*Business Pulse*).

The paper ran a survey on the best consumer credit cards available in Poland, scoring them on aspects like the cost of

credit, length of grace period, procedures for blocking cards, cost of issuance, and ATM fees. PKO BP's 'blue card', a MasterCard Electronic card tailored for consumers on average or low incomes, came out top of the survey. This decision was based on the card's low interest rate, favourable grace period, simple application procedures, and security.

PKO BP was the first bank to issue MasterCard Electronic cards in Poland, with three other banks expected to follow suit. Issuance of MasterCard Electronic started in January 2003, and the first research results show that it is attractive to young active customers (25-35 years old), who may not previously have been able to have a credit card. ▶▶

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.