

MasterCard
International



In Europe

MASTERCARD EUROPE - ISSUE 3 - JUNE/JULY 2004



SHARING THE PASSION OF THE UEFA EURO 2004™

Editorial

In this edition of *In Europe* we are pleased to introduce Alexander Labak, who is to take over as President of MasterCard Europe when Peter Hoch retires in July. We also have news about a number of different and exciting new card programmes, including the first Fleet card to be rolled out in Spain, the first MasterCard affinity card to be launched in the Czech Republic, and the first mc² card to be launched in the Republic of Ireland. With UEFA EURO 2004™ getting nearer we also have some great ideas as to how you can leverage this important sponsorship property to your best advantage. And just so you won't be lost for words you can also find out about the new MasterCard multilingual dictionary!

Thanks to everyone who completed the readership survey in the March edition. We will be printing the names of the lucky winners in our prize draw in the next edition.

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

Alexander Labak Joins MasterCard International as President of MasterCard Europe

Alexander Labak will succeed Peter Hoch, who will retire this July, as President of MasterCard Europe. Labak was previously Chief Marketing Officer of Deutsche Bank AG. He joined MasterCard on 1 May, and will report to MasterCard President and CEO Robert Selander as a member of the Executive Management Group.

"Since we united MasterCard and Europay two years ago, we have achieved many broad strategic benefits with the help of Peter's strong regional leadership," Selander said. "As he prepares to retire, he leaves a solid foundation upon which to build MasterCard's strength and presence in Europe."

"We now seek to take the MasterCard business to a new level in Europe, and customer focus remains a key priority," Selander continued. "Alex has an outstanding track record of success in delivering customer-centric programmes that create market leadership. During his tenure at Deutsche Bank, he developed and decisively implemented strategies that built a world-class franchise."

Labak said: "I am very much looking forward to strengthening further MasterCard's activities in Europe by actively supporting our customers in the region with targeted programmes that drive success in their payments business."

Labak, 41, was Chief Marketing Officer for Deutsche Bank, reporting to the CEO and based in Frankfurt. He was responsible for all group marketing functions and the bank's global brand equity management strategy, driving B2C and B2B client



Alexander Labak

programmes. During his five years at the bank, he spearheaded its overall global transformation into a recognised industry leader, providing financial solutions focused on demanding clients.

Labak brings a truly global perspective to his new role. Prior to joining Deutsche Bank, he held senior management posts at a diverse range of leading global organisations, including, Johnson & Johnson, in Germany, Canada, Italy, Austria and the United States. He was born in Austria, and holds an MBA from the Wharton School at the University of Pennsylvania and a doctorate from Vienna's University of Business Administration & Economics. ▶▶

National Geographic Card Is a First for Czech Republic

The Czech Republic's first MasterCard credit affinity card was launched in April, a partnership between Raiffeisenbank Czech Republic (RBCZ) and National Geographic. Cardholders who use the new card will contribute to National Geographic scientific and educational projects. In addition, Raiffeisenbank is also committed to supporting environmental protection: it will make its own contribution to the National Geographic fund, based on the number of cards issued and the frequency of use.

Raiffeisenbank Czech Republic, is the Raiffeisen Group's second bank in Central and Eastern Europe to start issuing this new type of payment card. Under regional agreements between the Raiffeisen Group and National Geographic, the scheme will be launched in additional markets in 2004 and 2005.

"We are pleased to be able to come up with a credit card that not only brings benefits to our clients but also contributes to important scientific and research projects. I believe it is a successful company's duty to help where the need is greatest," explains Willem Bertho Huetting, a member of the RBCZ Board of Directors.

"The National Geographic Card is certainly facing a promising future – in Europe alone, the number of affinity and co-branded cards increased by more than 20% to 11 million last year," adds Ján Carny, Regional Manager MasterCard Europe for the Czech Republic and Slovakia. "We are pleased that the Czech Republic has become the second country in Central and Eastern Europe to start issuing this prestigious and very useful card."



Together with the National Geographic Card, cardholders in the Czech Republic will also receive a free Sphere card that brings reductions of between 5% and 55% in the price of goods and services sold by more than 4,000 business partners throughout the Czech Republic and Slovakia.

Each applicant for a National Geographic Card may pick from four different designs from world-renowned photographers.



Spain Launches First Multi Card Fleet Card

Professional and business people who have to prove and break down their fuel expenses are the target market for the first MasterCard Multi Card® to be marketed in Spain. This is also the first MasterCard Fleet Card to be rolled out in Europe.

The SOLRED MasterCard Card was recently launched by BBVA and Repsol. Its Multi Card functionality enables different functions to be

combined on the same piece of plastic. So, on the one hand, cardholders have a MasterCard Card that they can use in MasterCard's acceptance network all over the world; on the other hand, when they use the card at the Repsol Group's 3,500 petrol stations (Repsol, Campsa and Petronor), they receive a 2% discount as well as a monthly statement showing their fuel purchases and giving a VAT breakdown.

Cardholders can track and control their fuel expenses online, using the BBVA Net, Uno-e.com, Línea BBVA or Línea Uno-e services. In addition, they receive excellent accident insurance cover and travel assistance services.

"All these advantages make the SOLRED MasterCard Card an excellent payment method for professionals, self-employed business people, companies and other organisations that need an efficient way to purchase fuel, but can also benefit from the acceptance proposition and convenience of a universal brand like MasterCard," comments José Sirvent, Director General of MasterCard Iberia. ►►



Icelandic Cardholders Get a Taste of the New

Cardholders on a new co-branding programme in Iceland are being given the chance to benefit from some of MasterCard's newest services.

The new 'e-card' is a co-branding venture between SPRON (Reykjavik Savings Bank) and retail chain Hagar. Among its features is MasterCard's SMS service, which means that Hagar can send regular information about, for example, offers and products, to the cardholder's GSM. Later this year,

MasterCard's MoneySend™ service will be added to the card, enabling the cardholder to transfer money to other individuals who have a MasterCard Card.

The e-card also offers more standard features like revolving credit and cashback at a large number of merchants in Iceland, which are not necessarily part of the Hagar chain. They include Esso, Debenhams, Zara, Topshop, Miss Selfridge and Sony.

SPRON launched the card with an extensive advertising and marketing campaign that included TV commercials, direct mail, posters and brochures.

The main marketing theme of the campaign is that the e-card is a 'credit card for everyone'; the message is

backed up by incentives such as no annual card fee and the fact that anyone can apply for the card, not just SPRON customers. The initial consumer reaction to the card has been highly positive.

Hagar is Iceland's largest retail chain. It operates about 70 stores in Iceland and 13 stores in Sweden, and employs about 2,000 people. ▶▶



Distribution Card Revolutionises Trade in Turkey

Distribution cards can radically improve the way retailers and distributors work together. In Turkey, Yapi Kredi Bank has launched a flexible distribution solution, called TRIO, to improve cash flow management and offer greater convenience for companies than traditional payment methods.

TRIO MasterCard is a payment tool that can be used in two ways: firstly, when companies make purchases from distributors, they can use the card to make their payments in full, or in flexible or fixed instalments (for up to 12 months); secondly, it can be used as a standard business credit card for T&E,

office tools or other business expenses at any MasterCard merchant. Features include enhanced reporting capabilities and a weekly payment plan.

Companies that want to use the flexible or fixed instalment option with a debit card can only take out a TRIO Maestro Card.

The flexible or fixed instalment option is a powerful tool for retailers to manage their cash flow. When retailers with a TRIO MasterCard Card make a purchase from a distributor, the amount of the purchase is deducted from the retailer's account on the instalment due date. If there is

insufficient money in the account to pay the full amount, the overdraft account is used automatically. If the distributor agrees, the retailer postpones the payment date without paying any interest.

The TRIO MasterCard programme also has advantages for distributors, because it eliminates their collection risk. On the payment due date, the amount of the payment is automatically transferred to the distributor's account. It also helps them to process sales quickly and easily; benefit from improved reporting capabilities; and increase customer loyalty through customer-specific TRIO reward options. ▶▶

EURO 2004

Vive o Portugal!

The best 16 football teams and the fans from all over Europe are heading to one destination this summer – Portugal! The UEFA EURO 2004™ is generating the enthusiasm you expect from such a high-profile event, yet the underlying passion is a rare and captivating phenomenon.

An event that captures the imagination of those who know all about football as well as those who know nothing, the UEFA EURO 2004™ serves as the perfect sponsorship platform for members to leverage as the exceptional return on investment shows. Even if the whistle for kick-off has yet to sound, this has been a big season for MasterCard and its members' business.

One of the assets is the 'football card'. Reinforcing the bond between fan and sport, the compelling football-based card products allow member banks to (literally) get into the customer's pockets by offering cardholders unique benefits. A broad category of football assets will be offered to the issuers by MasterCard to enable them to maximise the impact of the sport of football on the existing and potential cardholders.

Let us leverage our sponsorship assets and build business together! MasterCard looks forward to sharing the passion of the UEFA EURO 2004™ tournament with you.

Russia

Paveletsky Bank is the first bank in Russia to issue internationally accepted MasterCard UEFA EURO 2004™ payment cards. This card is a

Vive o 2004!™

true gift for every sports lover and especially for the football fans dying to see the Russian teams' field performances.

"Sports support has been a sponsoring priority for MasterCard. Our company has been sponsoring many of the most significant international football events for years. We are excited with the support *Paveletsky* Bank has offered to our initiative in 2004 with its launch of MasterCard-branded UEFA EURO 2004™ cards", noted Andrei Korolev, who heads up MasterCard Europe's representative office in Moscow.

Igor Kurlanov, *Paveletsky's* CEO added: "The European Football Championship in Portugal is the most visible sporting event in 2004. The Russian team has made its way through to the tournament, after eight years. This card is an asset to every true football fan!"

Holders of *Paveletsky's* UEFA EURO 2004™ Card have access to a comprehensive range of bank services targeted at all customer groups and meeting their individual requirements. These services include access to information via the Mobile Bank system in the form of an SMS message describing a transaction sent to the cardholder's mobile phone, and 5% to 30% discounts available from the Bank's discount programme partners.



Irish Students Shape Up with MC²

Irish bank AIB has launched its new mc² Student MasterCard Card. The eye-catching, translucent plastic card with its revolutionary new curved shape is only the second card of its kind to be launched in Europe and the only card of its type in Ireland.

Mr Michael McCarthy, Head of AIB Card Issuing, explains: "Our research shows that students are influenced by design and, in common with other customers, like to have products tailored to their needs. Our credit card provides an element of security and convenience for students and now comes in an innovative new design to complement student lifestyles. Not only is the shape fresh and new, but the AIB mc² card is one of the most competitively priced in the market today. The AIB Student MasterCard was one of the first student credit cards introduced into the Irish market in 2001."

The new style AIB Student MasterCard is available to full-time third level students over 18 years of age. Linda Reid, MasterCard's Account Director for AIB, comments: "The eye-catching design of the mc² card has already proved to be a big success in the UK, Latin America and Asia/Pacific, and we are confident that it will be just as successful with young people here."



The new mc² shape has been introduced by MasterCard in Brazil, Mexico, Taiwan and recently in the UK, and is part of the worldwide evolution of credit cards.



MasterCard Launches Programme to Support Rapid EMV and Maestro® POS Terminal Expansion

MasterCard International has recently launched its new MasterCard/Maestro Terminal Implementation Programme (M-TIP). Through the programme, EMV and Maestro-enabled terminals are available at competitive prices, helping to move acquirers, retailers and cardholders towards a wider and secure global card acceptance network.

The MasterCard M-TIP Programme has been designed with the support of three of MasterCard's vendors: Dione, Hypercom and Verifone. Each of them will offer competitively priced state-of-the-art terminals and applications technology, fully supported by their merchant support services.

"With merchants and acquirers around the world currently upgrading to new

PIN-enabled EMV terminals, it has become our priority to ensure that this migration is made as smoothly and as cost-effectively for all parties concerned," said Luke Olbrich, Vice-President, Debit Business Development, MasterCard Debit Centre of Excellence.

"With debit cards predicted to be used for the majority of card payments in the future, MasterCard is committed to ensuring the best and most comprehensive acceptance network for our debit brand Maestro."

Commenting on the programme, MasterCard's Chief Debit Officer Ann Camarillo said: "With more countries launching Maestro as both their domestic and international POS and ATM brand, countries with relatively low terminal

penetration such as India, Argentina and Indonesia are looking to MasterCard to support rapid, low-cost Maestro accepting terminals to grow usage and revenue opportunities."

"Other, more extensively penetrated card acceptance markets, such as the UK, Brazil and Switzerland, face a different challenge as they replace their local debit card brands with Maestro, meaning that they need to upgrade their entire terminal estate to Maestro as they replace their terminals to support EMV Chip and PIN."

Terminal offers have already been delivered to acquirers in over ten countries, including among others Argentina, Tunisia, South Africa, Brazil, India and Egypt. ▶▶

2,000 Terms in Five Languages: the New Multilingual MasterCard Dictionary Has Arrived!

Using the correct specialist term is essential to establish clear communications both with the outside world and in-house, especially for companies which do business internationally. The new MasterCard Dictionary will assist readers in their conceptual understanding of the terms that are most frequently used in technical documentation and in day-to-day operations.

The MasterCard Dictionary is the result of a joint effort between MasterCard documentation and linguistic specialists. Some 2,000 entries have been translated into Spanish (for Latin America) and into Portuguese (for Brazil) as well as into French and German. Other languages will

be integrated at a later stage, and the contents will be updated on an annual basis.

Responding to Members

Members requested a global dictionary, and MasterCard has delivered! The new dictionary benefits members by consolidating 'MasterCard-specific' terms into a single location, with consistent, legally approved definitions so that everyone is 'speaking the same language'.

The translated versions of the MasterCard Dictionary enable members to acquire domain knowledge without having to conquer the language barrier as well. The new dictionary includes definitions for key

financial business areas, such as e-commerce, fraud and risk, and chargebacks.

"This was a really exciting project to be involved in," said Linda Dewolf, who manages MasterCard Europe's translation service. "One of the exciting things about working with different languages is that it really brings home the cultural diversity in which we live and work."

The new MasterCard Dictionary is now available in a handy booklet and on CD-ROM, price 75 euro each. To obtain your copy send an e-mail to linda_dewolf@mastercard.com. ▶▶

Poland Goes Platinum

For the first time, Polish consumers can now benefit from the prestigious services and offers available on MasterCard's Platinum Card.

Kredyt Bank has launched the first MasterCard Platinum Card in Poland, as part of its service to its private banking customers. These customers will now be able to benefit from the exceptional package of insurance services, concierge services and offers at first-class hotels and restaurants around the world. Kredyt Bank is also offering a unique flexible credit interest rate that means its customers pay lower interest rates on higher credit amounts.

"This is a perfect addition to our portfolio for the demanding customers in our private banking segment. What is more, the variety of additional services attached to the international and domestic payment functionality of this card makes it a perfect answer for our clients' needs," says Mirosława Karczewska, Card Development Director of Kredyt Bank.

Dave Remue, MasterCard KBC Group Key Account Manager, adds: "The affluent segment that banks like Kredyt Bank are targeting in their private banking services brings a major opportunity for their card payment businesses. MasterCard Europe's Gold, Platinum and *World Signia™* programmes offer best-in-class support with customised features. They can be a very useful tool for strengthening the relationship between a bank and its valued customers."

Following the launch of Kredyt Bank's Platinum MasterCard Card, other banks in Poland are also planning to launch MasterCard Platinum this year.




MasterCard Germany Scores for Children's Charity

The MasterCard office in Frankfurt, along with MasterCard football spokesman Jürgen Klinsmann, recently joined a charity soccer tournament in Berlin in support of a foundation helping children in Eastern Europe. Held in Berlin at the 'Reichstag', at the invitation of the German parliament, teams from media, sports and politics competed in an exciting indoor tournament. As well as having Jürgen Klinsmann on their team, the MasterCard squad also benefited from the skills of Jörg Berger, the famous German coach as the team's manager.

"It was great to bring the winning combination of football and MasterCard onside in such a good cause," said team captain Norbert



Gebhard. The event attracted a huge amount of media attention – much of it thanks to MasterCard and the presence of two of Germany's football heroes. Jürgen Klinsmann resumed: "It was also great fun and we raised 25,000 euros in the process."

All the donations raised from the tournament went to the AGAPEDIA (www.agapedia.de) foundation, which supports poor children in Eastern Europe. 


Direct Marketing Work Recognised in Ukraine

A collaboration between Privatbank, the largest Ukrainian bank, and MasterCard was voted the best direct marketing project at a recent international awards ceremony held in the Ukraine.

The project was called 'Open 3rd million', and was the first project of its kind in Europe. Privatbank sent Maestro cards to 100,000 subscribers to Ukraine's popular Business magazine, and gave them the opportunity to activate them securely via their mobile phone.

The project brought a good response from recipients, and the bank beat a

number of international companies to win the Grand Prix for the best direct marketing project in the 'Direct Hit 2004' contest. Other contestants in the direct marketing category included major international names such as Konika, Ogilvy One, and WEGA Distribution, so the bank was delighted with its prize.

Privatbank plans to continue its innovative work with MasterCard, using technology and creative marketing to build brand awareness and usage of the MasterCard and Maestro brands in the Ukraine and the Confederation of Independent States. 

2nd Southern Countries Members' Meeting



Eusebio greets MasterCard members on the pitch

Under the theme of Partnership for Profitability, the second Southern Countries Member's Meeting took place in the world-famous surroundings of Chantilly in France.

The meeting was an excellent opportunity for networking, for addressing the latest challenges in the payments business and for finding out about the latest MasterCard products and services.

Key note speeches covered the latest regulatory issues in Europe, MasterCard's strategic direction, developments in debit, and how the latest MasterCard products can boost profitability. Delegates also welcomed Jean-Pierre Pradines from Crédit Mutuel, who spoke on new ways of doing business and the success of MasterCard's purchasing card in France, and Colin Wright from Canada, who explained how changes in external

environment had affected Canadian acquiring business.

After the conference delegates had the opportunity to unwind at a Gala dinner held in the elegant surroundings of Chantilly Castle. The following day provided a somewhat different experience as MasterCard offered delegates the chance to play football in the Stade de France, one of the best-known stadiums in the world. A truly *Priceless* occasion. ▶▶



Javier Perez,
President Latin America and Caribbean Region

Banking Innovation Award for ING Belgium Playstation2 MasterCard Card

In February MasterCard Europe won the Axalto 2003 Best Banking Innovation award. The award recognises 'marketing excellence', and was won for work on the ING Playstation2 MasterCard Card in Belgium.

The co-branded card developed with ING Belgium, MasterCard and Columbia Tristar Home Entertainment, is aimed at students and young active professionals in their 20s.

ING Belgium, MasterCard, Sony Playstation and Axalto (part of Schlumberger) worked in partnership to come up with the Special Edition ING MasterCard Collector Card. Everything about the card is leading-edge and designed to appeal to young consumers – for example, the card uses state-of-the-art card manufacturing techniques, the design is modern, and it is one of the first Belgian MasterCard credit cards to be equipped with an EMV-compliant chip.

The card's benefits were also spot-on in their targeting, as the award recognises:

- discounts on PlayStation2 games;
- a gift of a luxury Playstation2 bag for the console;
- an SMS competition, with prizes of a limited-edition silver PlayStation2 console and all new games free for a year, MP3 players and MasterCard mini-coolers. ▶▶

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.