

*MasterCard
International*



In Europe

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MASTERCARD EUROPE ONE YEAR ON

Editorial

MasterCard Europe One Year On

MasterCard Europe has been busy celebrating its first birthday in style. The members' meeting in Prague was exceptional: demonstrating how thought leadership and customer focus are building our business. In this issue we also focus on corporate cards, look ahead to the UEFA EURO 2004™ in Portugal and give our members the opportunity to welcome the ten new countries to the European Union!

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

4th Affinity & Co-Branding Conference

Cannes 24th and 25th September 2003

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.

For more information contact Janet Dechamps at the MasterCard Academy Tel.: +32 2 352 5657 or go to www.mastercardonline.com



MasterCard Europe celebrated its first birthday in style. Speaking at the MasterCard Europe Forum in Prague in June, Peter Hoch, President, MasterCard Europe said, "The last twelve months have demonstrated that our decision to merge was the right one. We have had many successes during the last year, and have been actively pursuing new opportunities."

MASTERCARD EUROPE FORUM IN PRAGUE

With a glittering array of best in class keynote speakers from academia and business the conference challenged and stimulated delegates. The key themes of strategies for success and inspired leadership, provided the ideal platform to look at achievements gained and to think about the future.

Prof. Joseph Stiglitz, Nobel prize winner and former chief economist at the World Bank spoke on Global Trends while Prof. Francis Fukuyama, spoke on the theme of The Next Big Thing. Prof. Stiglitz was particularly interested in the impact of economic policies on developing economies and the emerging markets of Eastern Europe, while Prof. Fukuyama identified the forces he thought might upset economic stability and prosperity in the long term. Bob Selander, President, MasterCard International gave a thought-provoking speech on MasterCard Global Leadership and Peter

Hoch, President, MasterCard Europe, outlined his Vision and Strategy and started a lively debate centred on the future of Europe and the consequences of European enlargement.

Simon Guild, Chief Operating Officer for MTV Networks, with a change of pace, style and a saucy video in keeping with the youth music market, gave a dynamic picture of MTV's multi-local focus, and how it could be applied to the payments business. Anders Knutsen, former CEO of Bang & Olufsen engaged participants with how Bang & Olufsen moved from being a product-driven to a vision-driven organisation, focusing on market positioning and distribution as the key to their success. The principle of something for everyone extended to the MasterClasses. Delegates were able to choose three workshop-style sessions on topics ranging from Chip migration to regulatory challenges.

Complementing the plenary sessions and the MasterClasses were two demonstration areas giving delegates a hands-on opportunity to try out and discuss with MasterCard staff experts the latest in our products and services. There was also an area set aside for Vendor networking where 25 of our top vendor business partners could meet with members to discuss their requirements. ►►

MasterCard Gets Personal with MoneySend™

The growing number of people who want to make international person-to-person payments have, until now lacked a convenient and inexpensive solution. Now they can turn to their MasterCard® and Maestro® cards.

For everyone who or has friends and family in other countries, or spends time abroad, the inconvenience and expense of making international person-to-person payments has long been a problem. The existing ways of doing this - relying on non-bank agencies, such as money agents, or on couriers or postal services - can be both slow and expensive.

MasterCard is currently working with leading financial institutions, including The Royal Bank of Scotland Group in the UK, Euro Kartensysteme in Germany and CartaSi in Italy, to conduct the first phase of the European roll out of the new service.

With MasterCard MoneySend™ cardholders in Europe will be able to manage how, when and to whom they send their money, inexpensively and easily.

MasterCard MoneySend™ enables financial institutions to attract new market segments, generate new revenue sources and meet both existing and growing

customer demand. The European programme is a hosting service, which will be run by MasterCard with programme partners Magex and paybox. The programme leverages the MasterCard network which, together with the Maestro® debit brand, offers the most comprehensive network available for card-based P2P services in Europe.

"The inclusion of Maestro - MasterCard's global, 100% online POS debit network - is an important element in the MoneySend™ offering," said Brian Morris, head of E-Business, MasterCard Europe. "With 226 million Maestro cardholders in Europe alone and a further 240 million across the world, MoneySend™ could quite literally open the door to the world's most comprehensive and accessible network for money transfers between individuals."

Additional benefits distinguishing MasterCard MoneySend™ from other funds transfer alternatives include:

- i Technical and Marketing Consulting – Leverages MasterCard's existing payment expertise to assist member financial institutions with implementation.
- i Efficient and Cost Effective – Uses existing MasterCard authorisation and settlement processes, enabling transfers to be completed within 24 hours.

- i Multi-channel Service – Includes support for Internet and mobile phones using IVR (interactive voice response) and SMS (Short Message Service) messaging.
- i Trusted Brand Name – Service leverages MasterCard's brand name, already trusted by consumers.
- i Security – Cardholder authentication and risk management are built directly into the service.
- i Anti-Money Laundering Compliance – MoneySend™ respects the EU directives and the Financial Action Task Force recommendations (The FATF is a G8 Working Group).

"MasterCard is committed to developing payment solutions that will help consumers transfer money to other individuals – whether it's to a relative who's on the other side of the world or a neighbour who's just next door. MasterCard has been working with its members to maximise the MasterCard network and processing capability to not only reduce the costs for members of fund transfer services but ultimately increase their profitability in this area," added Morris. "Faced with the introduction of the European Commission's regulation on cross-border payments in euros, applicable to credit transfers as from the first July this year, the need has become more pressing than ever."

MasterCard MoneySend™ has the potential to be integrated into a bank's electronic channels (e-banking, m-banking, phone banking and ATM-banking). MasterCard may expand the MoneySend™ service globally, making international transactions easier and more efficient due to MasterCard's worldwide



MasterCard Scores Three in a Row with Corporate Payments

Corporate payment programmes are an increasingly important part of a bank's portfolio. With businesses small and large looking to drive costs down and efficiency up, MasterCard's flexible solutions come into their own.

Recent roll-outs by ABN AMRO in the Netherlands and The Royal Bank of Scotland in the UK, along with the announcement that MasterCard will become the official corporate payments

card of the European Commission, demonstrate how MasterCard is meeting the needs of members and card-holders alike.

ABN AMRO BANK – PURCHASING CARD IN THE NETHERLANDS

ABN AMRO, a leading world bank present in over 70 countries, will introduce a MasterCard-based Purchasing Card platform to service medium- to large-sized corporations, including ABN AMRO's Wholesale and Corporate clients. The programme, which will be available in the third quarter of 2003, provides an integrated electronic purchasing tool, complemented by a

comprehensive reporting management system: Smart Data OnLine. It will enable large organisations to control and manage transactions with merchants in a flexible, cost-effective and transparent way.

"Research has shown us that the company costs for processing a purchase order, including overheads and salaries, can be as much as 120 euros" said Steve Abrams, senior vice president of Corporate Payment Solutions, MasterCard International. "We know that this type of cost can be reduced by over 70%⁽¹⁾ with the introduction of Purchasing Card and related electronic reporting and MIS programmes. This is certainly the case for the recurrent, so-called non-strategic purchases such as office supplies and equipment, temporary staff, training, catering and IT resources."

ABN AMRO's Purchasing Card programme with MasterCard is based on PRIME BIZ from Card Tech Limited. PRIME BIZ is a flexible data model supporting the authorisation, control and settlement requirements of large corporations with complex procurement processes and hierarchical structures.

With the introduction of purchasing by credit card – and the guaranteed and immediate payment associated with such transactions – B2B (business-to-business) merchants will be able to significantly improve their existing lengthy and costly collection processes.

MasterCard Smart Data OnLine completes the programme offering: this



web-based information management tool enables organisations to consolidate the financial data and invoice details of purchasing transactions, and integrate it into their own accounting and procurement systems. Importantly, Smart Data OnLine allows data on a number of card programmes (such as corporate travel and expense, business and fleet cards) to be brought together within the same reporting system.

"Our relationship with MasterCard meant that we were able to work together to provide a superior and comprehensive service to our customers in the Netherlands. At a time when companies are under increased pressure to reduce cost and work more efficiently, we are very pleased to roll out a product that will allow our corporate customers to help them to do exactly that," said Gert Silva, SVP Payment Services, ABN AMRO.

THE ROYAL BANK OF SCOTLANDS 'ONECARD' LAUNCH IN THE UK

Aimed at medium-sized companies (such as service, retail, technology and professional services) and the public sector (such as Universities and local authorities), the 'OneCard' programme is, as the name suggests, one card but with a multitude of services and functions.

"The challenge with medium-sized companies is that they have varying payment requirements depending on the complexity of their size and activities," said Jorn Lambert, head of corporate payment solutions, MasterCard Europe. "Whereas some companies are well served with a simple card-based solution, others need a more comprehensive service, such as those enjoyed by larger organisations. This new programme is unique in meeting this need in Europe.



Firstly it is far more sophisticated – integrating travel, expense and purchasing functions into a single card while offering best-in-class reporting. Secondly, the simplicity of a single card for all types of business expenditure appeals directly to business managers".

The Royal Bank of Scotland will launch OneCard in the UK in July 2003. Based on MasterCard's Corporate MultiCard platform, the programme offers a series of innovative new services of increasing appeal to the middle market and public sector: accurate management controls and different hierarchical levels, diversion billing (the ability to bill on a departmental or divisional level rather than employee level), reporting through Smart Data OnLine (see above) as well as various added-value benefits.

"A business manager could be tracking and managing a multitude of diverse expenses and payments – not an easy task when you also have a business to run. With our OneCard, we can offer convenience and reliability to the employees of our corporate customers, while helping the companies to control

travel spending, reduce costs and streamline procurement processes," Norman Mcluskie, Chief Executive, The Royal Bank of Scotland.

EUROPEAN COMMISSION

MasterCard Europe and Belgium-based member financial institution BCC (Bank Card Company) have announced a major credit card programme for the European Commission.

Both parties came together to provide a winning proposal that will replace the European Commission's current corporate card programme, which has been in place for five years. The new programme introduces MasterCard cards for the first time as the Commission's official corporate credit card. It will be introduced to Commission employees in a phased roll-out throughout 2003, with the majority of the 4,000 cards expected to be rolled out in the first year. ▶▶

For more information on corporate payment solutions please contact jorn_lambert@mastercard.com

¹ MasterCard research

MasterCard Excels at the 'Theatre of Dreams'

The UEFA Champions League Final 2002/2003 in Manchester, lived up to its promise to be an unforgettable event with all the passion and excitement we expect from this first-class competition. With two strong teams, Juventus and AC Milan in the Final, Old Trafford really came to life on Wednesday May 28th.

As the pinnacle of club football in Europe, the Final in Manchester was the culmination of another successful season of sponsorship. With an unprecedented number of guests and an extensive PR programme MasterCard created business-building opportunities for members throughout Europe.

A series of PR programmes were launched prior to and during the Final Match to ensure MasterCard maximum exposure across Europe. The activities included a press conference on May 27th. Legendary football players and MasterCard spokespeople Sir Bobby Charlton and Eusébio attended the event and announced the MasterCard XI, their top players of the UEFA Champions League season.

The winners of the 2003 MasterCard Photo Competition that was launched mid March encouraging professional photographers to submit their favourite UEFA Champions League pictures were also present to collect their prizes. The press conference attracted over 100 journalists and generated important media coverage.

A total of 20 countries in Europe leveraged the UEFA Champions League sponsorship. Ten countries, including

Belgium, Cyprus, France and Spain, participated in the 'Get Close to the Action' below-the-line promotional turnkey programme highlighted in the March issue of *In Europe*. They all used the same creative work, giving a consistent look, feel and message throughout Europe. A huge success for the members, a total of 15 million statement inserts was distributed across the relevant markets supporting the use of MasterCard.

The 2002/2003 UEFA Champions League season was not only exciting on the pitch with several top teams showing us some world-class football, but also resulted in the strongest leverage ever seen by members! We are dedicated to leveraging football even more next season. The UEFA Champions League Final in Schalke, Germany and the UEFA EURO 2004™ in Portugal will provide

hours of entertainment for fans, and excellent opportunities for members to increase business and prove that MasterCard is probably the largest supporter of football! ▶▶



Sir Bobby Charlton and Eusébio

2003 UEFA CHAMPIONS LEAGUE FINAL FACTS AND FIGURES

- i Sponsorship leveraged by 20 countries in Europe
- i 300 hours of television coverage for the Final
- i Over 47 million viewers in the top six European markets alone
- i Over 22 million Italians watched the penalty shoot-out (market share of 84.4%) –the highest figure for any UEFA Champions League match since the start of the competition 11 years ago.
- i Extensive PR programme with print, radio and (live) television interviews
- i More business-to-business opportunities than ever
- i 66% of guests were consumers selected through promotions
- i 33% of guests were business relations
- i Over 68,000 spectators at Old Trafford
- i 11 player escorts from 5 countries chosen through MasterCard competitions
- i 6 MasterCard junior journalists chosen through promotions all over Europe
- i 4 MasterCard only perimeter boards for the first time
- i The single largest sporting event in Europe in 2003

New MasterCard 'Totta Light' Card for Portugal

Next year MasterCard will be the official payment card for UEFA EURO 2004™, in Portugal. The platform provided by MasterCard's sponsorship of this event, and the work of Portuguese member banks are seeing important strides forward in the use and perception of MasterCard in Portugal.

One recent launch by Banco Totta, part of Group Santander, illustrates the innovative work being done in the Portuguese market. The new product is the Totta Light MasterCard card, which has changed the traditional concept of credit cards in Portugal.

The promotional campaign for MasterCard Totta Light is based on a message that the use of credit cards can help support family finances. This is because its features include:

- i an interest rate 40% lower than the average credit card rate in the market,

- i an initial promotional offer of 0% interest until September 2003,
- i no annual fee,
- i cardholders can opt to pay in 60 fixed instalments,
- i for the first time, balance transfers from other cards are possible.

In addition, MasterCard Totta Light cardholders benefit from innovative security features. The use of a PIN is mandatory whenever a PIN pad is present at the POS, and cardholders can receive SMS and e-mail alerts for situations such as their spending limit being exceeded.

The design of the new card builds on the concept of lightness and of the card not being a burden on people's wallets, with a transparent background and a design showing a drop of water falling.

"MasterCard is now perceived in the Portuguese market as the payment



brand that promotes innovation. Banks like Banco Totta are building on this reputation by launching exciting products and new communications strategies which are really capturing the imagination of the Portuguese market.

These efforts, combined with our reputation for offering good cardholder security, and our sponsorship of UEFA EURO 2004™, mean the future looks very positive for the MasterCard brand in Portugal," observes Paulo Raposo, MasterCard Country Manager for Portugal. ▶▶

You Are Always a Winner with MasterCard!

This is the slogan one of MasterCard's key members in Kazakhstan – Halyk Bank – is using in a summer campaign to promote its chosen payment card brands, MasterCard and Maestro. The promotion builds on the popularity of football in Kazakhstan and is expected to make a big impact on customers and bank staff.

Halyk Bank is celebrating its 80th anniversary this year, and the summer

campaign is part of its celebration activities. The bank already has the most extensive distribution network in Kazakhstan, and the MasterCard/Maestro promotion is expected to result in significant new issuance of cards bearing the two brands, as well as increased brand awareness.

The Halyk Bank promotion is targeting cardholders and branch staff. Customers who successfully apply for a

MasterCard Standard or Gold card during the campaign – from 1 June to 31 August – are eligible for a prize draw for a trip for two people to Istanbul to watch a UEFA Champions League match. Another lucky cardholder will win a one-week trip for two to Antalya, a popular holiday resort in Turkey. The same prizes will also be awarded to the branches that distribute the most cards bearing MasterCard/Maestro cards. ▶▶

Affinity Card Aids Médecins Sans Frontières

Médecins Sans Frontières is a humanitarian medical aid organisation committed to two objectives: providing medical aid wherever needed regardless of race, religion, politics or sex and raising awareness of the plight of the people helped.

Piraeus Bank and Médecins Sans Frontières in Greece have created a Médecins Sans Frontières MasterCard affinity card. This new card will contribute to the provision of medical aid to millions of people in need, while serving all consumer purchasing requirements in Greece and abroad. A percentage of all transactions will be automatically donated to Médecins Sans Frontières, along with 100% of the first annual card fee, at no extra cost to the cardholder.

The new credit card can be obtained by visiting one of Piraeus Bank branches or by calling Piraeus Bank credit card call centre.



"We are very proud of this card as Piraeus Bank is now able to attract a brand-new customer segment. These

cardholders are encouraged to use their card by the knowledge that a certain amount – secured by Piraeus Bank – is given to the Médecins Sans Frontières," says Siwarde J. Sap, Director Card Division, Piraeus Direct Services.

"The design of the card and of course all cardholder communications are clearly branded with Médecins Sans Frontières. We carefully selected the card design in cooperation with them. The positive result is that cardholders have a continuous reminder in their wallet of the need for medical aid, and know they are making contributions just by using their cards." Mrs Sap continued. ►►

Celebrate EU Enlargement with MasterCard

Ten new countries will be joining the European Union next year. To help the celebrations go with a swing, MasterCard's representative office in Poland has been working with MasterCard Europe's Franchise Customer Management team to develop a special range of cards in recognition of this historic occasion. These designs will be available free of charge to all our member banks. ►►



Miles&More takes off in Switzerland

MasterCard member, Corner Banca, launched a Lufhansa Miles&More co-branded MasterCard card last year. This has now been used as the cornerstone of a major promotional campaign to attract new customers. New cardholders are offered 5,000 miles as a starting bonus and a reduced card fee in the first year. Along with media advertisements a flyer will be sent by direct mail to members of alternative frequent-flyer programmes. ►►

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.