

MasterCard
International



In Europe

MASTERCARD EUROPE – ISSUE 5 – SEPTEMBER/OCTOBER 2005



CONTINUED ONLINE DEBIT GROWTH IN SECOND QUARTER OF 2005

MasterCard Title Sponsor of the FIFPro World XI Player Awards



This is an exciting time for MasterCard Europe and this month's In Europe brings you all the news from MasterCard Europe. With the industry focus on the Single European Payments area, MasterCard's SEPA action plan takes centre stage. The continuing popularity of Maestro® in Europe is evidenced by growth in cards and transactions demonstrated by our business results for online debit in the second quarter of the year.

We also celebrate the launch of MasterCard® rePower™ in Europe, the mobile phone top-up service, offering convenience and efficiency to card-holders. The first major implementation of this exciting payments platform is with Tesco Mobile in the UK. Other 'firsts' that feature in this edition include news of the first World Signia™ card to be launched in Italy, and a new innovative card solution for corporate incentives, gifts or payroll from BBVA in Spain.

For the fans of the 'beautiful game', MasterCard Europe has recently become the title sponsor of the FIFPro World XI. Professional footballers from across the globe have voted for their 'super team' with winners to be announced at a glamorous televised event. Germany is of course hotting up to stage the FIFA World Cup 2006™, and the MasterCard German office is no exception, with the Confederations Cup played earlier this year providing an ideal kick-off for a range of 'Emotion Night' parties and events.

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

The worldwide representative organisation for all professional footballers (FOdOration Internationale des Associations de Footballeurs Professionnels) is pleased to announce that MasterCard Europe is the exclusive official sponsor of the inaugural FIFPro World XI Player Awards.

MasterCard will take title sponsorship of the event this year, and the awards will now be known as the MasterCard FIFPro World XI Player Awards.

This is the latest in a rich portfolio of football sponsorships for MasterCard. Other activity includes a long-standing sponsorship of the FIFA World Cup™, which MasterCard has supported since 1990. MasterCard is also one of four sponsors of the UEFA Champions League as well as a key sponsor of the European Football Championships, which most recently took place in 2004.

The MasterCard FIFPro World XI Player Awards continue to reinforce the brands' presence in football as part of their Priceless campaign, which focuses on money-can't-buy consumer experiences. Patrick Simeons, Head of Sponsorship for MasterCard Europe, says: "Sponsorship of these awards complements what we already implement as part of our association with football. We are extremely keen to play a role in these awards and, in

doing so, offer consumers not only entertainment and enjoyment in football but – as the awards will celebrate – access to the world's most priceless players and footballing moments."

Gordon Taylor, FIFPro President, says: "MasterCard has been a great supporter of football and we are delighted to be staging the MasterCard FIFPro World XI Player Awards. We are thrilled that the awards have garnered such prolific support in their first year and we hope to build on the relationship we have forged with MasterCard."

In April/May this year, the 38,000 professional footballers belonging to the 40 professional organisations across the world that form FIFPro began voting for their 'super team'. Nominations include David Beckham (England/Real Madrid), Wayne Rooney (England/Manchester United), Andriy Shevchenko (Ukraine/AC Milan) and Ronaldo (Brazil/Real Madrid). The winners will be revealed at the awards ceremony with a number of players present to collect their accolade. Also announced at the event will be the FIFPro Young Player Award as voted for by Sky™ viewers in the UK and international broadcasters worldwide. The show has a potential reach of approximately 250 million viewers worldwide and will be broadcast on SKY ONE in the UK.

Continued Online Debit Growth in Second Quarter of 2005

MasterCard International has reported strong global online debit activity during the second quarter, as debit continues to take share from cash and check as a preferred means of payment. The Maestro® brand mark now appears on 578.1 million cards worldwide, including 34.5 million MasterCard® debit cards, representing 5.9% growth versus the second quarter of 2004.

Merchant acceptance of MasterCard's online debit programmes also grew. As of 30 June 2005, consumers could make online debit point of sale purchases with their MasterCard debit or Maestro cards at over 9.2 million merchant locations globally. At the end of the second quarter,

there were more than one million ATMs around the world accepting cards bearing the MasterCard, Maestro or Cirrus® logos.

"As the popularity of debit continues to increase, so too does MasterCard's position as a leading global debit partner," said Richard G. Lyons Jr., Senior Vice President, MasterCard International. "The combination of our worldwide online network, unsurpassed acceptance and customer-centric business model continue

to fuel the growth of our debit business and deliver added value to consumers, merchants and financial institutions."

Maestro cards in circulation in Europe grew to 257.4 million, a 1.7% increase over the same period in 2004. Maestro purchase transactions in Europe for this period approached 1.5 billion, producing purchase volume of \$104.3 billion. GDV for online debit activity was \$308.0 billion.



A Night of Emotions for MasterCard and its Partners

'Emotionen inklusive' is a phrase that will become familiar to many over the next year. Translated literally as 'emotions inclusive', 'Emotionen inklusive' is the slogan of the FIFA WM 2006 MasterCard card issued by KarstadtQuelle Bank. A recent campaign to promote the card develops the theme further, using the concept of 'Emotion Night'. Targeting a young, sociable audience, it aims to build on the links between MasterCard, football, having a good time, and living life to the full.

In May and June this year, Germany hosted the FIFA Confederations Cup. During the tournament, MasterCard and KarstadtQuelle Bank organised 'Emotion Night' football viewing parties at four of the host cities, where people could watch the matches on a big screen at a famous



club, bar or other location. The parties included free drinks, food, music and more. The matches and cities involved were: Germany vs Australia (Frankfurt), Brazil vs Greece (Leipzig), Tunisia vs

Germany (Cologne), and Argentina vs Germany (Nuremberg).

In the run-up to the parties, there was radio and outdoor advertising to promote the FIFA WM 2006 MasterCard, and radio programmes ran sweepstakes in which listeners could win VIP tickets to the 'Emotion Night' parties.

Various partners and football sponsors joined the campaign, using the parties as a platform to promote their own products – for example, Anheuser Busch provided free beer, Coca-Cola joined the outdoor advertising campaign and took their World-Mix bar to the parties, Hyundai showed cars and provided give-aways, EA Sports provided two X-boxes, and radio stations brought visibility material and promotion teams.

MasterCard Europe Delivers SEPA Action Plan

SEPA READY MAESTRO® DELIVERS MORE, SOONER FOR EUROPEAN BANKS AND CONSUMERS

As industry focus on the Single Euro(pean) Payment Area (SEPA) continues, Swiss and UK banking communities have marked a significant milestone, completing the migration of over two billion annual debit transactions previously branded ec® and Switch® to Maestro®. Against this active background of debit evolution, MasterCard Europe has restated its platform for the SEPA.

“We are on the threshold of a truly single market for Europe’s 456 million consumers. MasterCard Europe has an effective roadmap in place for European banks, with a SEPA ready product that will also set the standard for cost efficiency and innovation. With our SEPA action plan and the ongoing support of our European customers, we are ready as soon as the architects of SEPA open the way, to deliver an exciting and competitive 21st century payments landscape,” said Dr. Alexander Labak, President of MasterCard Europe.

The MasterCard Europe SEPA platform is based on the following six key features:

- **PRODUCT** – With over 250 million Maestro branded cards in Europe, Maestro is a strong brand in Europe and offers a ready-made platform for SEPA. Initially built by the European banking community to address specific European needs for replacement of the eurocheque, Maestro today offers the industry a unique and effective foundation on which SEPA for debit can be built, to deliver not only customer benefits but also profitability. Maestro branded cards support both magnetic stripe and chip PIN solutions, offering both short term usability and long term



compliance within an EMV chip environment. Looking forward, such a foundation will be essential to support banks in Europe as they offer greater choice in segmented and value-added applications for their debit business through the SEPA framework.

- **ACCEPTANCE** – Already enjoying the highest level of acceptance across European debit accepting merchants, consumers will be able to access the benefits of SEPA more widely and more quickly through Maestro than any other current scheme or proposal. Maestro is also the only PIN debit brand that has a global acceptance network.
- **PRICING** – Given achievable economies of scale through MasterCard’s processing platform, MasterCard Europe will roll out SEPA pricing that applies the same fees for intra-SEPA national and international transactions. In doing so, we are committed to provide substantial and material cost savings. Customers can also benefit from simplified licensing requirements through

MasterCard Europe’s SEPA license, available since 2004.

- **PROCESSING** – MasterCard Europe’s role as a European processor will be integral to its SEPA strategy. MasterCard’s processing platform was the first in Europe to be updated with fast, reliable, scalable hardware and a

MasterCard Signs

MasterCard has become a key player in a major public sector purchasing programme in the UK. The deal – between the Welsh Procurement Initiative (WPI), the Royal Bank of Scotland and MasterCard – could save the public sector in Wales over £30 million.

On average 80 per cent of all public sector purchases in Wales are for everyday goods and services worth less than £1,000. The Welsh Purchasing Card Programme is being used to manage these lower-risk purchases. By using the new Welsh Purchasing Card programme, the public

suite of applications that deliver new levels of performance and business intelligence – the result of more than €70 million investment. Already, Maestro authorisation is performed across MasterCard's distributed European processing network. In addition, European Maestro settlement is managed and locally executed in Europe.

- **INNOVATIVE SOLUTIONS TO REPLACE CASH** – An integral part of MasterCard Europe's SEPA platform is to provide innovative solutions to replace cash with more efficient electronic payments. New product initiatives such as 'OneSmart PayPass' (tap and go functionality) and 'preauthorised' technology are being brought to market to stimulate consumer card usage, while dramatically reducing transaction costs for banks. Dedicated product and marketing support will be provided by MasterCard Europe behind a further enhanced Maestro proposition.

- **GOVERNANCE** – MasterCard will continue to deliver an empowered, member-run board for the management of European scheme governance that is consistent with the SEPA framework. In addition, a dedicated SEPA subcommittee will provide critical advice to the Europe Board.

"Other players in the sector are at a conceptual stage in the introduction of their SEPA solutions, with tests being conducted on a handful of transactions. Meanwhile, our customers across Europe have helped us – through years of experience, recent successful UK and Switzerland migrations and billions of transactions – to evolve Maestro from the original eurocheque product developed in the 1960s to the sophisticated and leading electronic payments programme that it is today. We at MasterCard are committed to actively support the SEPA process contributing to enhance Europe's global competitiveness," concluded Dr. Labak.



Up to Welsh Public Sector Programme

sector will achieve a great reduction in the paper and time involved in the procurement process. This will have environmental as well as financial benefits.

Currently 25 different public sector organisations in Wales use the card, and the WPI predicts that over £12 million will be spent on goods and services via the new card by the end of 2005.

Commenting on the deal, MasterCard's Laurent Vreven, Product Manager Corporate Payment Solutions, says: "This is

a really good example of how purchasing card programmes are about much more than simply cards.

Programmes like this one carry benefits for a long chain of different parties – not just ourselves and the Royal Bank of Scotland. Dozens of different public sector organisations in Wales will see administrative savings and efficiencies. UK tax payers will benefit from more efficient government

spending procedures. Suppliers will gain from improved cashflow.

We are delighted to be involved in the project, and to – once again – be working in a rewarding partnership with the Royal Bank of Scotland."



Up, Up and Away with a New Card from CGD

If you asked consumers across Europe to say one word that they associated with MasterCard, many would say 'travel'. For consumers in Portugal, the link between MasterCard and travel has just got even stronger – as well as making traveling easier and more convenient, a new MasterCard card will enable cardholders to do more of it!

The new card is the Miles & More MasterCard, a co-branded card launched by Caixa Geral de Depósitos and the frequent flyer programme of Lufthansa, Miles & More. The credit cards are available as Gold and Standard versions and allow cardholders to collect award miles using the card. Miles & More MasterCard cardholders collect 5 award miles for each 5 euros they spend on the card, or for each 5 euros cash they withdraw. They also receive 3,000 miles when they apply for the card, and 500 miles for the first payment made on the card. They can also earn an extra 100 miles if monthly expenditure on the card is at least 500 euros. Award miles collected with the Miles & More MasterCard can be spent on flights with Lufthansa or any other Star Alliance member and airline partner, such as TAP Portugal, Varig, Spanair, US Airways, Air Canada or SAS.

"With the Miles & More MasterCard issued in partnership with Caixa Geral de Depósitos, two strong brands have come together. The cooperation will be of great advantage for both partners, as they have the opportunity to increase their customers' loyalty through gaining new customers and by providing added value for existing ones. This product once again demonstrates our confidence about doing business in Portugal, as an important market for Lufthansa and Miles & More," said Frank Wagner Lufthansa General Manager for Portugal.

Manuel Sales Caldeira, General Manager of the Cards Division from Caixa Geral de Depósitos, said: "We believe the Miles & More MasterCard will improve our card offer to our customers with one of the best loyalty programmes that exists in Portugal. This card will be the best offer to all customers who like to travel. In launching the card, MasterCard brought us value with their experience in co-branding cards, as well as with their football sponsorship strategy."

Paulo Raposo, MasterCard Country Manager in Portugal, added: "Our relationship with Caixa Geral de Depósitos is long-standing, and the



Miles & More MasterCard is the second important programme we have launched this year with Caixa Geral de Depósitos. I believe this will be an important contribution to our business in Portugal and to the growing strength of our business relationship in the future."

rePower Goes Live in Europe

MasterCard Europe celebrates the launch of MasterCard® rePower™ in Europe with the first implementation in the UK with Tesco Mobile as the first major customer.

rePower is MasterCard's service which targets the replacement of cash by card payment, with the initial target segment being the prepaid mobile phone top-up market. Today, in Europe, the majority of payments for prepaid air time are made in cash. While some countries have launched top-ups via ATMs, this usually accounts for somewhere around 10-20% of the total payments volume.

The rePower platform was developed to allow consumers to top-up the air time on their phones by registering on the web based service and then being able to top-up almost any time and anywhere by SMS,

web, IVR, e-mail or by a regular weekly or monthly payment. Customers enter a password to authenticate themselves during each transaction and no longer need to leave their home to top-up.

Tesco Mobile, who are a Mobile Virtual Network Operator and are part of the Tesco Retail Group, chose the MasterCard rePower platform to offer its customers the opportunity to top-up their prepaid mobile phones via the web and via SMS. Tesco Mobile also took advantage of the recurring payment feature in the MasterCard rePower platform to offer this additional service to their customers.

The service went live on 1 August and has already processed a significant number of credit and debit card transactions. Brian

Sun, Sand, Sea and Sets

The sun is shining. You can stroll to the beach, watch some of the world's leading tennis players compete against each other, or even chat to them at a restaurant that evening. These were some of the tough choices facing visitors to the Swedish seaside resort of Bastad in July.



All very idyllic, but what's the connection with MasterCard? Each summer, Bastad hosts the Synsam Swedish Open tennis tournament, one of the 65 tournaments on the ATP circuit. This summer MasterCard sponsored the tournament for the third time, and many MasterCard cardholders were lucky enough to attend one of the world's leading clay-court tournaments. This year's event attracted seven of the 16

highest-ranked players in the world, with big-name players such as Rafael Nadal (who won the tournament), Carlos Moya and Juan Carlos Ferrera. For the third year in succession, players on the ATP circuit voted the Swedish Open as the 'Tournament of the Year', in equal first place with an ATP tournament in Houston. Players value the event for its informal, friendly atmosphere.

MasterCard's presence at the event included advertising around the town and the arena, and MasterCard cardholders who used their cards to book tickets received a 15% discount. MasterCard members in Sweden invited customers and contacts to the event, and used it for promotional and card activation campaigns. Around 50 Danish MasterCard cardholders also watched the quarter-finals.

Visitors to Bastad could join in the MasterCard Human Table Soccer Game on the beach, and almost 300 people took part. There was also a match between a Swedish 'All-Star' team of representatives from football, ice hockey and skiing, and a 'Tennis' Team. The latter won 8-7, although two members of the team had to leave early in order to take part in the doubles quarter-finals in the tennis tournament!

MasterCard
rePower

Morris Head of New Channels Product Delivery for MasterCard Europe, stated: "MasterCard rePower delivers a strong consumer proposition in terms of convenience as well as a more efficient payment method for the network operators. We are delighted that such a quality partner as Tesco Mobile has chosen the platform for its customers."

The rePower launch in the UK adds to the previously announced launches in the USA and South Africa.

For more information, visit:
https://www.mastercardrepower.com/mc_cafe/tesco/viewWelcome.do



BBVA Launches First Incentive and Payroll Cards in Europe

BBVA AND MASTERCARD HAVE WORKED TOGETHER TO LAUNCH AN INNOVATIVE CARD SOLUTION FOR CORPORATE INCENTIVES, GIFTS OR PAYROLL

BBVA has again rolled back the boundaries in the corporate cards market with the launch of an incentive and payroll card – the first of its type in Europe. BBVA's corporate customers can issue the prepaid card to employees, customers or suppliers, leaving them free to decide how, when and where they use it. The programme – called MasterCard Recarga Empresas – is thus an innovative way of providing corporate gifts, promotions, rewards, incentives or even payroll.

The MasterCard Recarga Empresas can be reloaded as and when the company wishes. Like any other MasterCard, it can be used at millions of establishments across the world, or used to buy goods or services via the Internet. And it gives both the company and the cardholder all the usual benefits of convenience, flexibility and security associated with all MasterCard cards and brands.

BBVA has already issued the new MasterCard Recarga Empresas card to several of its corporate customers, including Osborne, Bosch, Siemens, Balay and Central Lechera Asturiana.

ANOTHER FIRST FOR BBVA

MasterCard Recarga Empresas is the latest in a series of inventive projects between MasterCard and BBVA. Previous corporate card 'firsts' include the launch of a restaurant card intended to replace luncheon vouchers, and the commercial Multi-Fleet card which combines a payment card and a fleet card on a single plastic card.

Commenting on the roll-out of MasterCard Recarga Empresas, Juan Antonio Merino of BBVA says: "Innovating with MasterCard in commercial products is almost becoming a tradition at BBVA. We were the first in Europe to launch a restaurant card, the first in Europe to issue a Multi-Fleet card for petrol, and now we are the first to issue incentive and payroll cards."

JosO Sirvent, Manager of MasterCard Iberia, adds: "We are delighted that BBVA and MasterCard have achieved another first. But this is not about innovating just for the sake of being different. The new card involves important cost and time savings for businesses that use it, because it does not have to be returned, it has reduced storage and delivery costs, it



involves no delivery notes and billing processes, and it can be replaced if lost."

"All in all, this launch is a really good illustration of how MasterCard's strategy and the added value it provides can create win-win relationships. With MasterCard Recarga Empresas everyone benefits – BBVA itself, its commercial customers and those customers' own employees, suppliers and customers."

World Signia First for Italy

After close collaboration with MasterCard, Banca 24-7 – the issuer for the BPU Group – launched in September the first World Signia™ card in Italy, called the KalYa card. "We will offer the card by invitation only to our best private banking customers," said Theo Delia-Russell, Head of Private Business Coordination for BPU Group.

BPU customers who take up the offer of a KalYa card could find that having the card changes their lives. As part of the World Signia package, they gain access

to a 24/7 concierge service (in Italian) that can do anything from arranging travel and holidays to helping to organise birthday presents. The package also includes travel insurance, a card protection service, a dedicated website (www.cartakalia.it) and premium collection offers and discounts. Cardholders also receive a detailed card statement with an analysis of spending by merchant category. An annual statement each December includes a graph tracking their month-by-month spending by merchant category.

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.

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