



# New Challenges and New Opportunities in the Global Cards Market

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Pinion Ltd., Director  
Dubai, UAE, Mar. 7, 2011

# Changing and Challenging Environment ... The 4Cs

## Customers

Empowered and demanding  
Complex and confused  
Sometimes Malicious



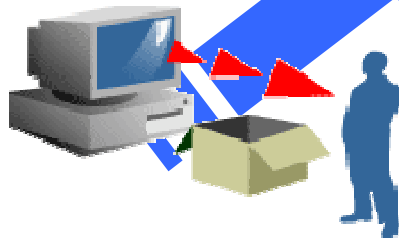
## Computers

New Technology  
Network



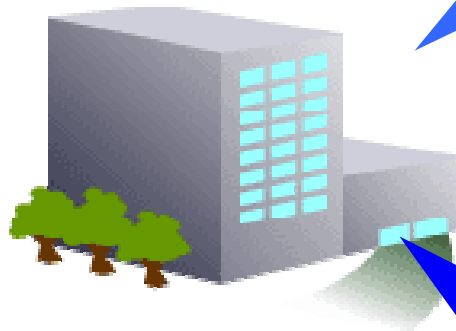
## Costs

Inflation  
Complex Technology  
Outsourcing



## Compliance

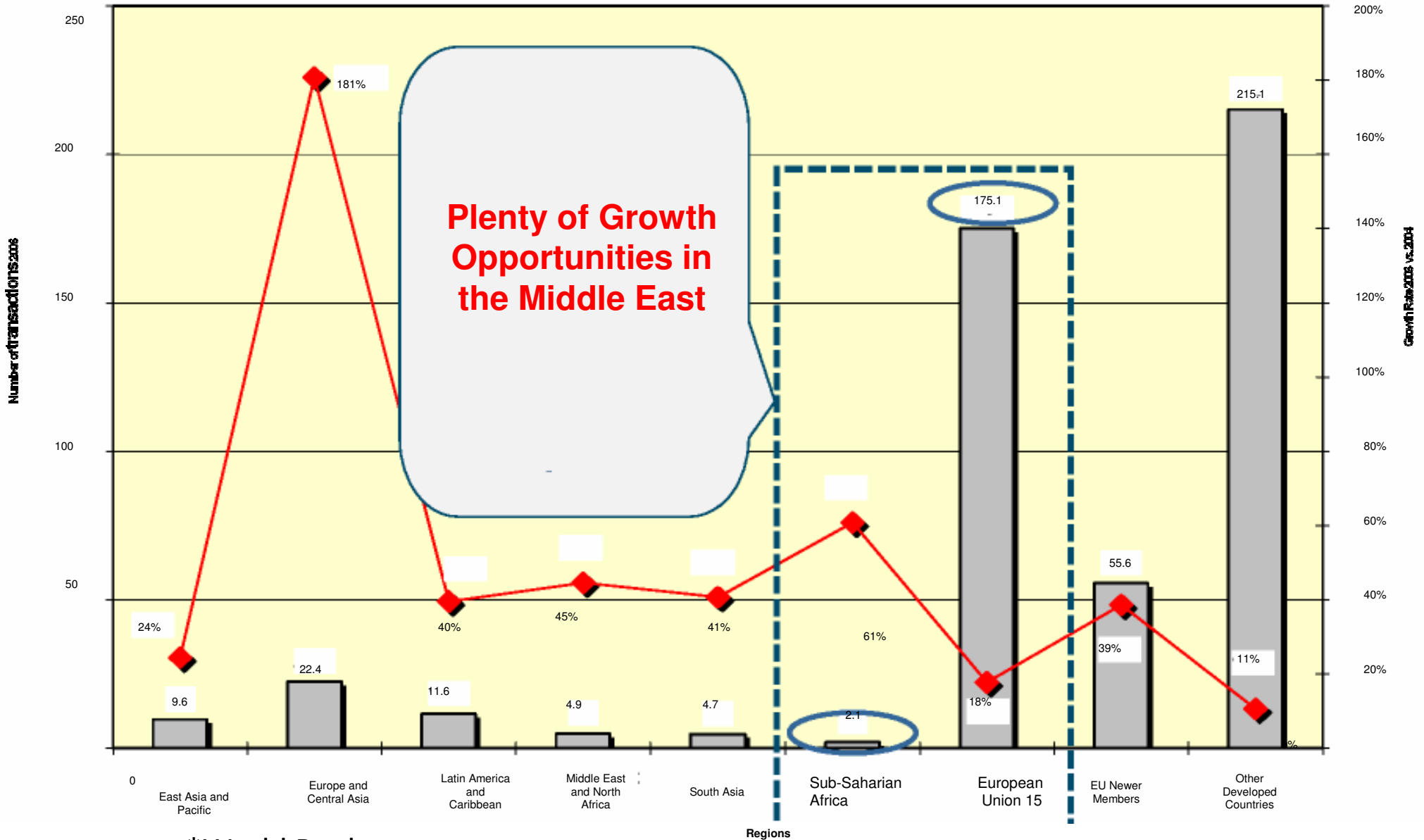
Security Requirements  
Laws and Regulations  
GRC



*Achieving process payments in a leaner and more digitized manner*

# Non-Cash\* Retail Payment Transactions Per Capita\*

(Simple average for each region, 2006)



\*World Bank

# Integrated Card Strategy



# Integrated payment systems strategy

## WHEN DO YOU WANT TO PAY? YOU DECIDE

**BEFORE**

**NOW**

**LATER**

**AT YOUR PACE**

### Attributes

Before	Now	Later	At your pace
<ul style="list-style-type: none"><li>• Security</li><li>• Expense control</li><li>• Anticipation</li><li>• Planning</li><li>• Provision</li><li>• eCommerce</li></ul>	<ul style="list-style-type: none"><li>• Daily life</li><li>• Expense control</li><li>• Immediacy</li><li>• Transparency</li></ul>	<ul style="list-style-type: none"><li>• Convenience</li><li>• Flexibility</li><li>• Ease of use</li><li>• Customer support</li><li>• Availability</li></ul>	<ul style="list-style-type: none"><li>• Customization</li><li>• Payment deferment</li><li>• Support</li><li>• Flexibility</li><li>• Adaptability</li><li>• Trust</li></ul>

# Creating a truly integrated payment systems strategy

		DEBIT		CREDIT	
		Prepaid	Debit	Credit (deferred debit)	Revolving
Mass market (Immigrants included)		Gift Card / Prepaid	Debit	Credit	Revolving
Upgrading				Gold	
Segments	Young	Prepaid	Debit	Credit	Revolving
	High value			Credit	
Basic service (for free)		<ul style="list-style-type: none"> <li>Security Pack (EMV+SMS alerts + ATM theft insurance + Fraud insurance)</li> </ul>			
Additional services		<ul style="list-style-type: none"> <li>Image personalization</li> </ul>			
		<ul style="list-style-type: none"> <li>Insurance sales: Travel, Loans, Accidents insurances ...</li> </ul>			
		<ul style="list-style-type: none"> <li>Cobranded Cards</li> </ul>			

# Debit and Prepaid Cards: the present and future payment vehicle\*



Pressure on credit

Looking for new revenue sources

Potential for product bundling

Changes in the macro-economic landscape.

Key regional initiatives

New Channels: Web and Mobile

\* Debit Cards as Profit Drivers 3<sup>rd</sup> Edition Published 21<sup>st</sup> May 2010, VRL Financial

# Quite a Few + Opportunities



## Market

**1b un/under banked**

Need a low cost payment solution

## Media

**5b cellphones**

No dominant payment structure

## Govt.

**Progressive Authorities**

Growing need for cashless

## Credit

**Fragmented retail sector**

Gift for top tier only



# Add Value To The Customers



Prepaid Card Segments				
Employer to Employee (E2E and G2G)	Government to Consumer (G2C)	Consumer to Business (C2B)	Business to Consumer (B2C)	Consumer to Consumer (C2C)
Payroll	Social Security	Charity	Rebates /Penalty Loan Distribution	Gift/Family
Benefits	Food Stamps	Internet/Mobile purchases	Insurance	Reloadable Store
Health/Pension	Unemployment	Youth organization	Store Refunds	Remittance
Per Diem	Disbursements	Travel	Incentives	Travel allowance
Fleet	Medicare/Medicaid	Phone	Rewards	Phone
Incentives	Disaster Relief	Fuel	Vouchers	Students

***.. Go for Prepaid Diversity ... Many Killers Applications***

## Add Value to the Customer (cont.)

Closed vs. Open Loop

Reloadable vs. Non-Reloadable

Single vs. Multi-Application

Multi-Payment

Plastic Not Present (Virtual)



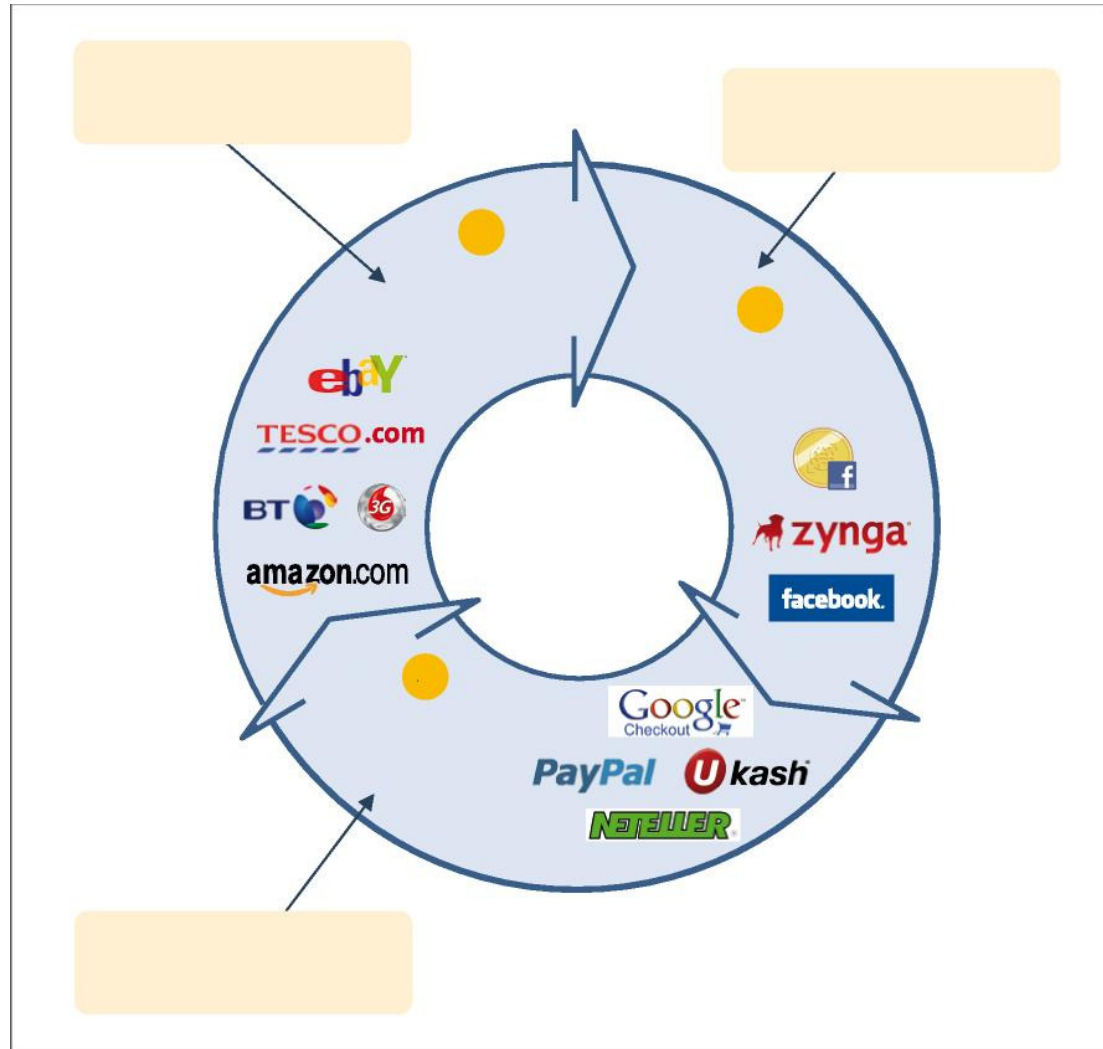
***Work on the Value Proposition***

# Internet and Mobile

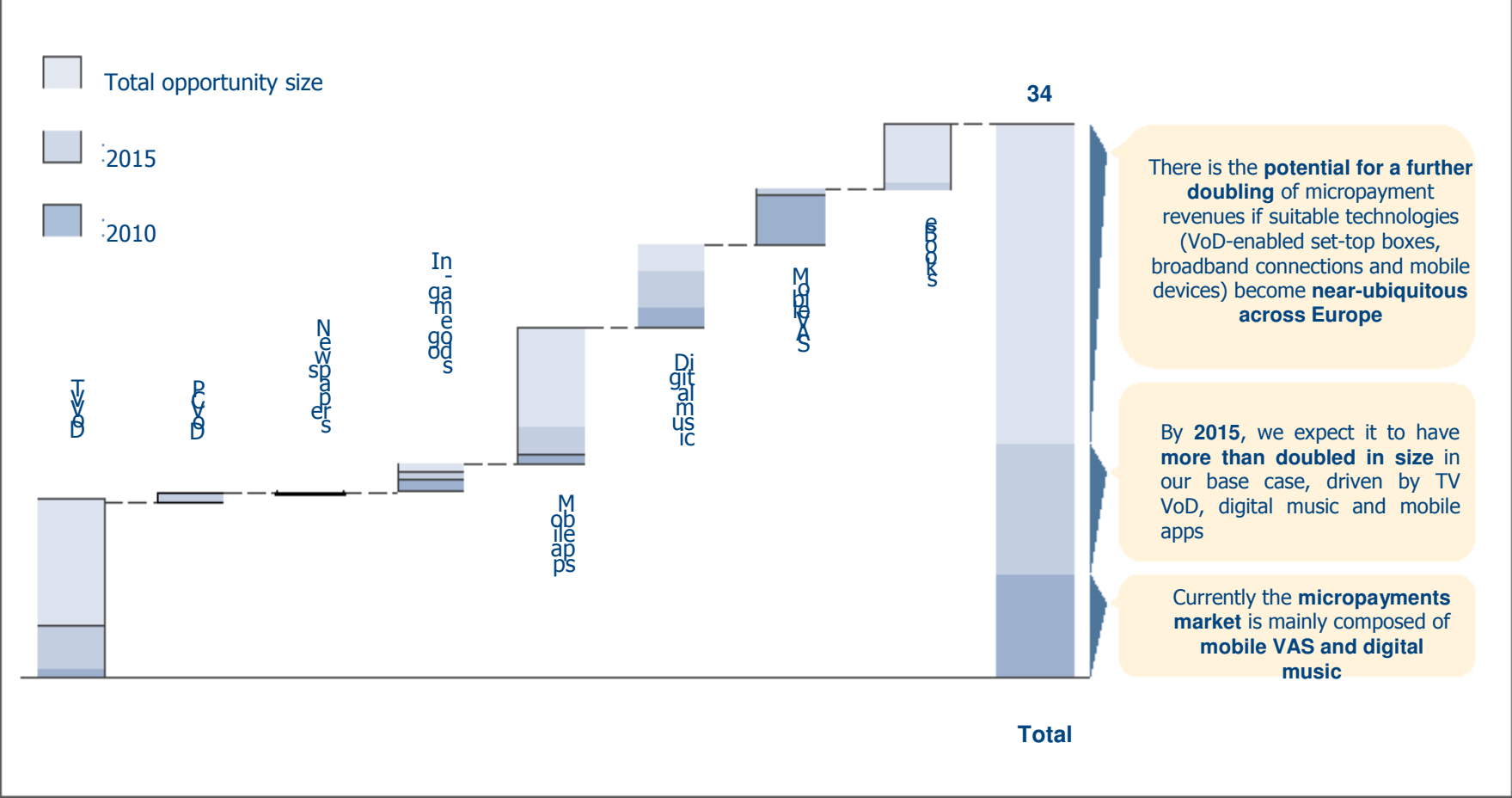
Broadband infrastructure  
and e-commerce

New online payment  
models

Social networks and  
online gaming

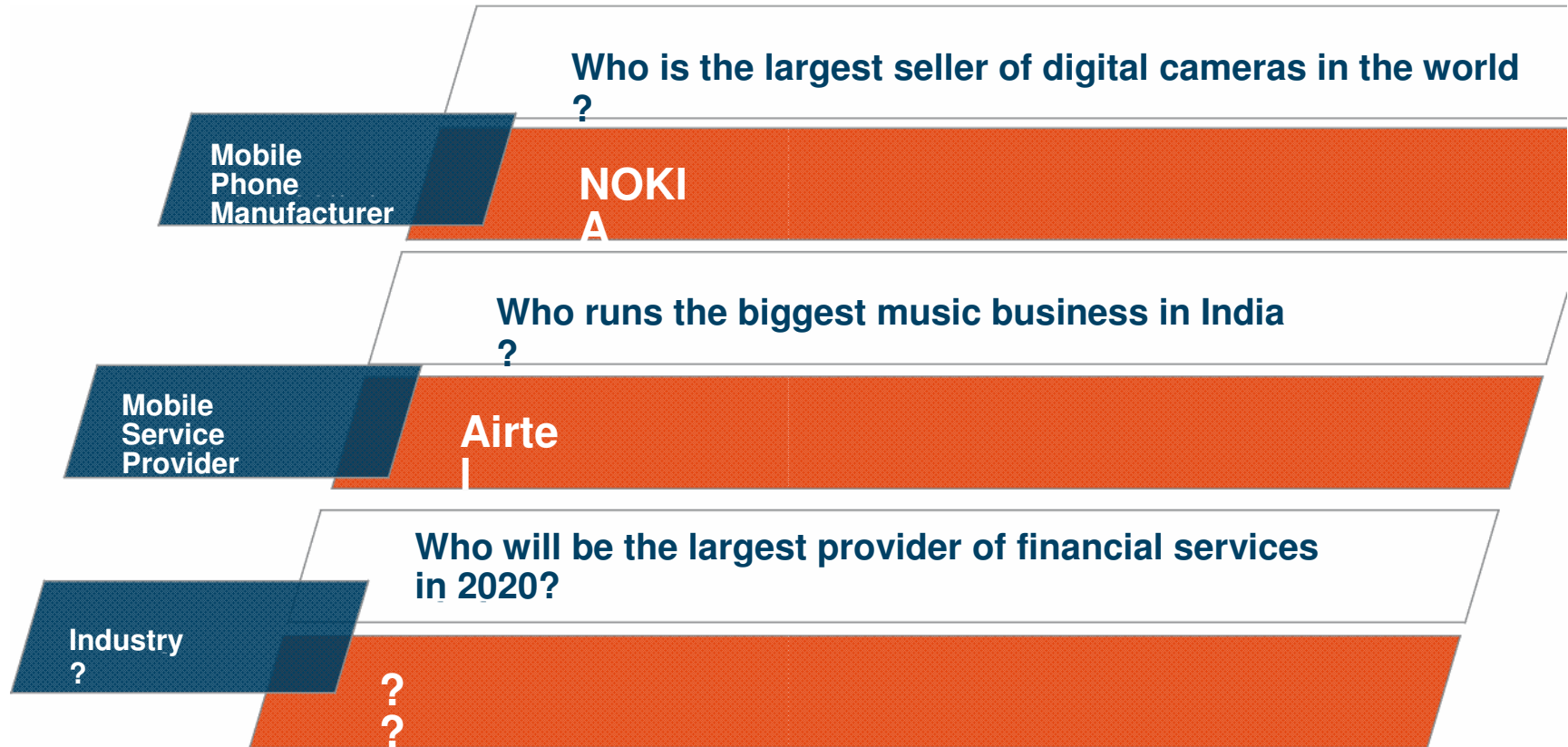


# Size of the total potential micropayments opportunity in Europe\* by revenue (€bn)

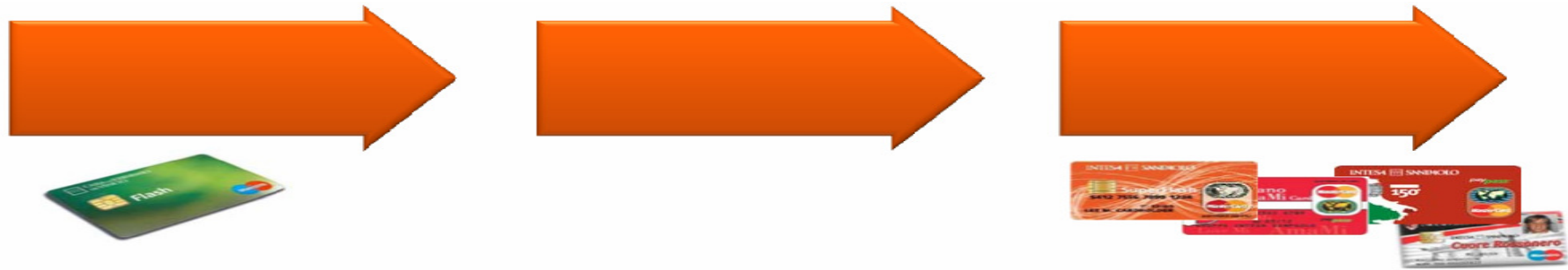


\*Capturing the Micropayments Opportunity, Value Partners, 2011

# Prepaid – Power to redefine markets ?



# Evolution of prepaid offer in Italy: The Post Office launched first and they have 6 million of cards in 2009\*



**2004**

Reloadable prepaid card introduced in the market

**2005-2008**

Consumer shows self-segmentation in usage patterns:

**2009**

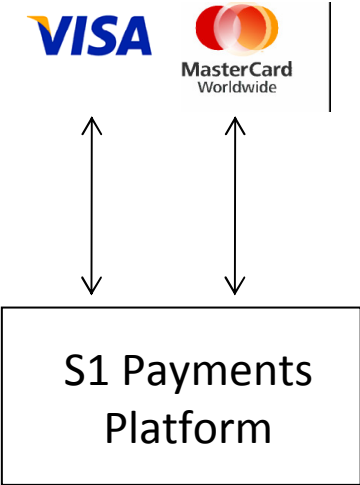
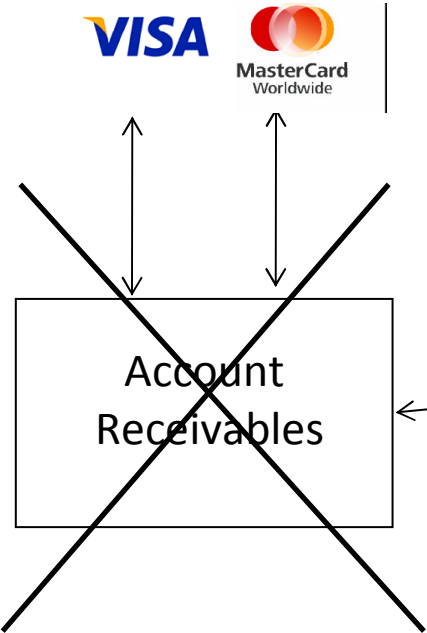
Vertical products targeting specific usage


***Prepaid Cards are Essentially Electronic Money***

\* Mastercard

# A Lean & Digitize Example:

# for Prepaid Cards



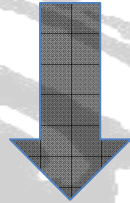
A close-up of a hand held up in a 'stop' gesture, palm facing forward. The hand is in sharp focus, while the background is blurred, showing a man in a white shirt and yellow tie. The background is a solid blue color.

How do you stop Frauds  
Before they stop you



## The Business Need

- Anti Money Laundering (AML) is increasing in importance, especially with Prepaid.
- Some institutions have been fined (BoFA) or have lost the banking license
- Unclear the situation with new regulations



## There are Solutions

- Design and change rules
- Extract, Validate, Transform and Load Engine
- Case Management (False Positive)



Define a business model with a precise Customer/Product mix

Develop a cost-effective, secure and easy to use solution

Target critical mass quickly

Integrate payment data with customer profiles and transaction data

Comply with regulations and fight frauds

Buy experience through consultants and service providers

# The (Near) Future



Integrate

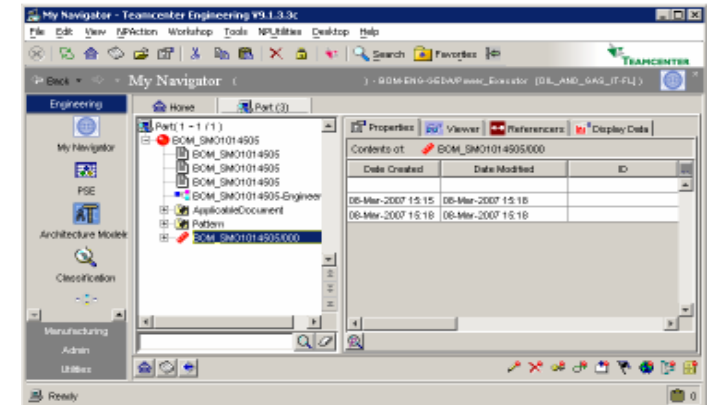
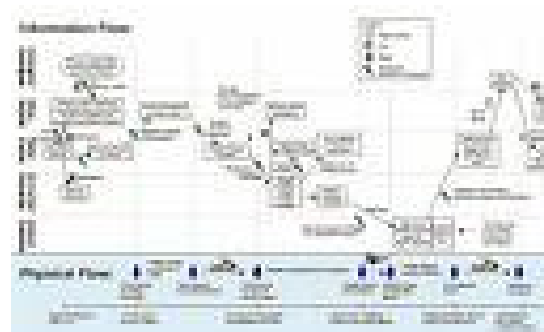
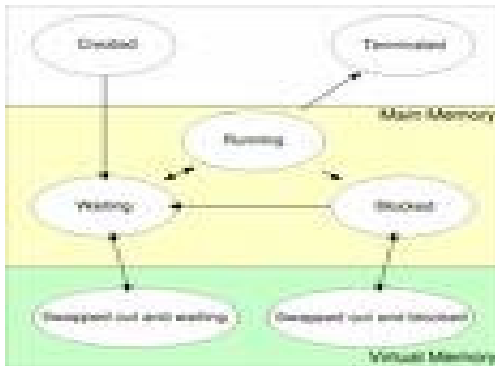
Be Each Customer-Centric

Mobilize

Product

Process

Infrastructure



***Move from Prepaid Cards to Prepaid Instruments to improve the flow***

# Appendix



## Worked in 10 Countries in several companies

Project Leader in Airplus

Program Leader in Galileo

CEO in Sigma Plus

CTO in GE Money

CIO in GE Oil & Gas

CIO in AIG UPC Latin America

Director for Pinion with projects in several continents

## Six Sigma Master Black Belt



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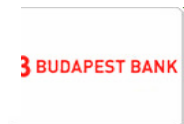
Pinion Services Limited is a leading global business and technical consulting company, specialized in payment systems.

Offices in the UK and India, combine both offshore and onshore resourcing to provide value effective support

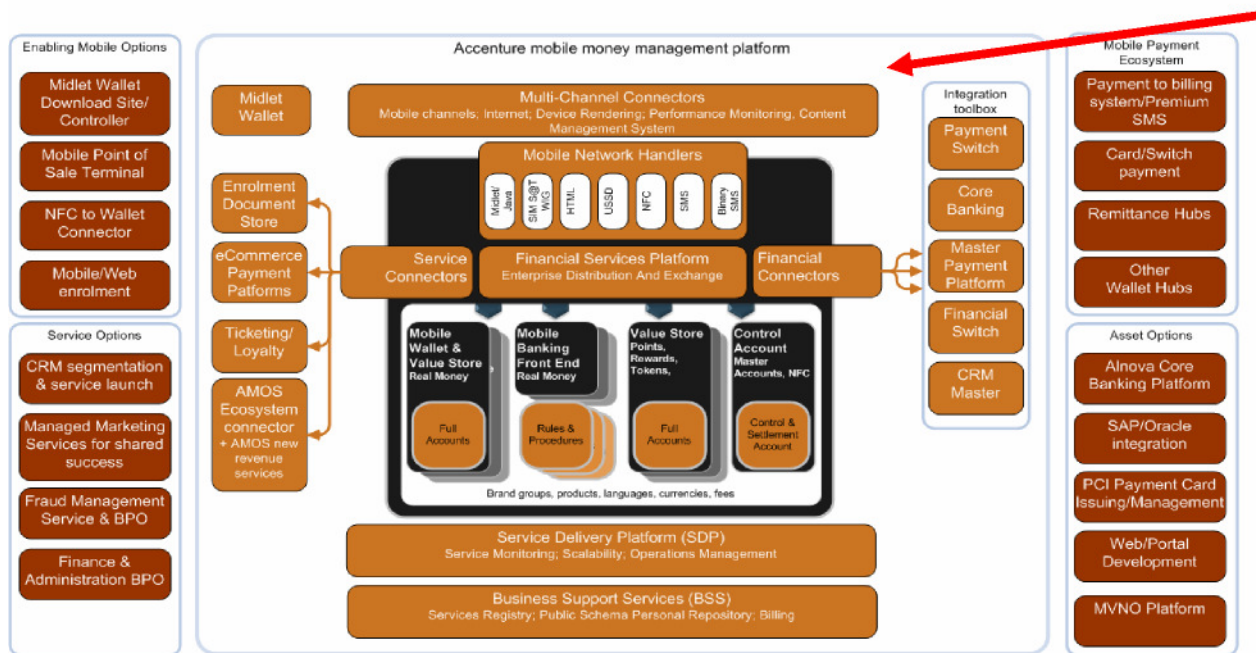
Pinion has core strengths and expertise in payment systems and particularly in supporting Postilion in:

- Project management
- Business Analysis
- Interfaces development
- Testing
- Implementation support
- Production support Service

Some references;



# A Typical Card System\*



\* Accenture