



GLOBALPREPAIDEXCHANGE



Prepaid Exchange
DACH

Prepaid Market Assessment

Germany, Austria, Switzerland

February 2011

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Thanks to Volker Patzak at Cadooz, Marjorie Vergracht at Narboni, Karl August Thiele at All About Cards, Christian Lindner at Retailo, Michael Hursta at First Data Corporation, Phil Campbell at Fifth Dimension, Dietmar Schulz at Salans, Michael Suitner at Paysafecard and the GX team for their continued support and contributions.

EXECUTIVE SUMMARY

Prepaid is an emerging market with many application areas, roles and companies whose operational areas and borders between them are not clean cut. It is not unusual that a company will offer a range of products and services spanning multiple areas of the value configuration. Compared to credit and debit cards, prepaid is a niche industry – which is fragmented into a number of sub-niches.

The DACH region represents a prepaid market opportunity of EUR 25.2 billion in 2011. The major prepaid opportunities are Government disbursements, Transportation, Gifting, Corporate incentives & benefits, each of which current market potential exceeds EUR 3 billion annually. The sector likely to see strongest growth in the next five years (15-20% annually) is Government prepaid. Other categories expected to see double digit growth are Gifting, Corporate incentives & benefits, Transportation, General purpose reloadable and Remittance. Four applications are expected to be open loop exclusively: General purpose reloadable, FX & Travel, Remittance and Payroll, whereas two are expected to be closed/restricted loop only – Fuel and Transportation.

Comparing the application potential per country, by its sheer volume, Germany represents one of the largest potential markets for prepaid in Europe. In the DACH region, Germany constitutes 73.0% of the market opportunity, Switzerland 16.7% and Austria 10.3%. The size of the market opportunity for each prepaid application differs between the countries based on a number of factors, including retail sector concentration, payment instrument preferences, size of the unbanked population, taxation and regulation, and a selection of other criteria.

There are no prepaid applications rated at the Mature stage of the product life cycle in the DACH region. Applications such as Gifting and Corporate incentives & benefits have been around for more than ten years and are still experiencing strong growth. General purpose reloadable prepaid is a fast growing area with rapid increase in the number of brands on the market, and the competition is rated as High, as is the case with Gifting with a large number of retailers moving from paper to plastic prepaid products. The coming of third party distribution through “gift card malls”, where German-based Retailo is a key player, has also accelerated the growth and competition in the gift card sector. Payroll cards have yet to be introduced at a sizable scale in the DACH region, but exist in other country markets, the key inhibitor to success being the low number of unbanked due to the ease of obtaining a bank account.

Prepaid is often an alternative to existing legacy solutions and existing business relationships. It can require new infrastructure, changing of legacy systems, and education of buyers and recipients. Some applications face not only competition from other prepaid companies, but also from strong substitutes and existing value configurations. Certain prepaid applications face competition from other payment instruments as well, including debit cards, credit cards and cash. Especially the German propensity towards cash payments is perceived as a potential obstacle for some areas of prepaid. Not only consumers, but corporations and government institutions also must be educated and convinced of the prepaid value proposition.

Up until the shift of the millennium paper was the dominant prepaid format; then plastic cards began to claim market shares. From 2005, there has been a major shift in formats used with increased speed in the move from paper vouchers to plastic cards. In 2010, it is estimated approximately 55% of prepaid in Europe takes place on plastic cards. Along with the increased uptake in plastic cards, from 2005 the concept of virtual prepaid solutions slowly started to gain traction. Virtual prepaid encompasses a range of technologies used to identify and redeem value, including manually entered codes, barcodes/2D barcodes and NFC, which can be distributed through SMS, e-mail or other channels. It is predicted that virtual cards might claim as much as 20% market share in prepaid by 2015, while plastic will constitute 60% of the prepaid market, leaving 20% still on paper vouchers.

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INTRODUCTION

Germany, Austria and Switzerland constitute the DACH region, an area with close to 100 million residents and combined GDP in excess of EUR 3,000 billion (milliard). Prepaid is gaining strong foothold in the region, and it has been characterized as both a current and future Prepaid Hotspot. A wide array of prepaid programs already exists on the market, including closed and open loop gifting products, solutions for government disbursements, public transportation schemes, remittance products, reimbursements, prepaid fuel cards, corporate incentives & benefits, travel/foreign exchange cards, and general purpose cards and e-wallets .

Together, the countries in the DACH region represents an estimated prepaid market potential of EUR 25.2 billion loaded annually on prepaid instruments. While a significant portion of this potential remains unrealized as of 2011, a number of prepaid applications are predicted to witness two-digit annual growth rates over the next five years. A number of factors are driving the prepaid growth in the DACH region, including the transition from paper vouchers to plastic cards and virtual prepaid, the emergence of third party distribution systems (e.g. gift card malls), experiences from e-wallet schemes for low-value transactions (e.g. Geldkarte in Germany and Quick in Austria), and an increasing awareness of the benefits of prepaid among consumers, governments and businesses.

This report aims to provide readers with greater understanding prepaid and the opportunities in the DACH region. The first part of the report provides an overview of the prepaid value configuration, before describing a) the benefits provided, b) the drivers and inhibitors of growth, and c) competitive situation for ten different prepaid applications – Gifting, Government disbursements, Corporate incentives & benefits, Payroll, Travel and FX, Transportation, Fuel, Remittance, Reimbursement, and General purpose reloadable. Having set these premises, the report provides estimates for the size of the market opportunity for each of the prepaid applications, as well as growth rates and the share of card value that is assessed to be on closed and restricted loop vs. open loop products.

The report then proceeds to share insights for German consumers' attitudes including purchase and redemption preferences for gift card products. It then proceeds to examine a case study of the Kalixa card, a prepaid card launched in UK, Germany and Italy; which explains the development of the product and how the program was adapted to the characteristics of the German market.

The remaining portion of the report describes each of the ten prepaid applications with a fact sheet summarizing key figures and information, and provides a description of a sample program in each application category from the DACH region. Finally the report provides examples of global best practice programs, and a prepaid glossary to explain the industry terms used in this document.

“Cadooz has been a driving force in the prepaid industry since its inception at the beginning of the new millennium. As a rewards and incentive voucher and systems provider, we have continuously invested in educating the market - our partners, business customers, and also the consumer end users of our vouchers. Consumers, governments and businesses are beginning to truly realize the potential and diversity prepaid has to offer when it comes to delivering more efficient processes and user experiences. Heightened understanding is key to the further development of prepaid in the DACH region, and the Prepaid Assessment report will contribute to achieve this.”

- Volker Patzak, Head of Partnership Management & Business, Cadooz

THE PREPAID VALUE CONFIGURATION

The Prepaid Value Configuration is a complex construction. The term value chain is too narrow and production-oriented to be applicable to the structure of the prepaid industry, which more resembles a network structure connecting different parties together to create value. Prepaid is an emerging market with many application areas, roles and companies whose operational areas and borders between them are not clean cut. It is not unusual that a company will offer a range of products and services spanning multiple areas of the value configuration. Compared to credit and debit cards, prepaid is a niche industry – which is fragmented into a number of sub-niches.

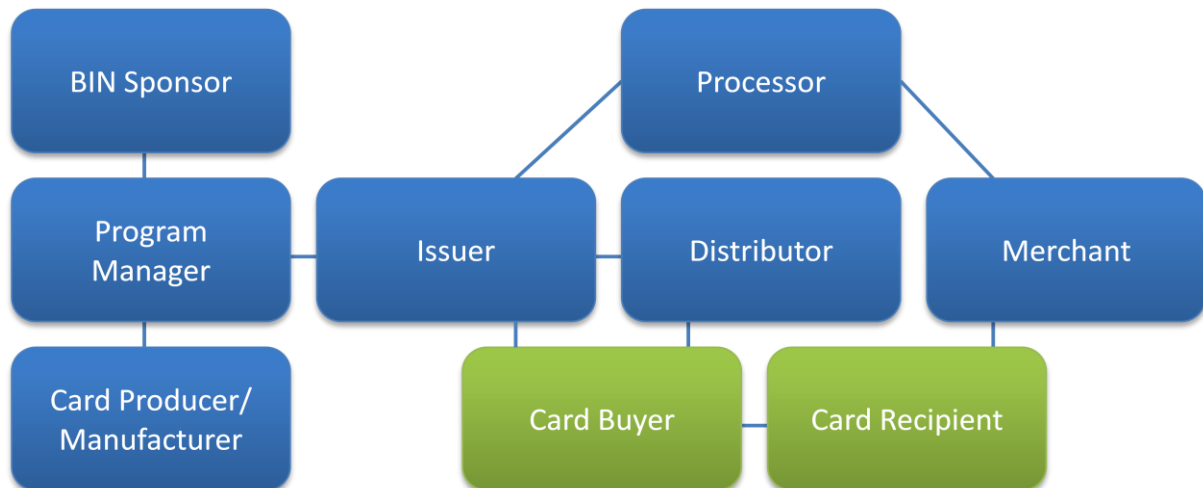


Figure 1: Roles in the prepaid value configuration

Our model illustrates the key roles in the Prepaid Value Configuration and their relationships. The blue boxes represent commercial roles for a prepaid card product, whereas the green boxes represent the demand side. A key point in interpreting this model is the realization that the same party can occupy numerous roles. For example, a bank that issues and manages its own open-loop program would fill the role of BIN Sponsor, Program Manager and Issuer.

Also note that different terminologies and assumptions regarding role responsibilities and product/service specter exist in prepaid, partly due to the lack of institutional standardization of terms, partly due to the industry's newness. Our terminology is provided in the section *Prepaid Terminology*, and the model is explained below.

It is useful to start by centering on the Issuer in the Prepaid Value Configuration. The Issuer bears the economic and legal responsibility for the prepaid product. The Issuer can opt to manage the prepaid program itself or outsource this role to a Program Manager. Program Managers are more commonly used for open loop programs than closed loop. A Card Producer/Manufacturer supplies and personalizes the cards. For open loop programs, a BIN sponsor with the necessary network licenses is required, typically a financial institution.

Note that while the practice of outsourcing product and marketing management to a Program Manager is common in the UK, where several dedicated Program Manager companies operate in the market, it is less common in continental Europe.

On the demand side of prepaid, it makes sense to separate between Card Buyers and Card Recipients, who usually have different motivations and needs. Card Buyers can be consumers, businesses or governments who will order and usually load value on the prepaid product, for example a business may buy thousands of cards to

use as promotions or employee incentives. The Card Recipient (who may also be the Card Buyer) is the end user, e.g. a gift card recipient or benefit recipient in the case of a government benefits program. Card Recipients redeem the value on the card typically in exchange for goods and services at a Merchant. The term Merchant stems from debit and credit financial cards terminology and refers to any location where the prepaid card can be used, which can be either an online/virtual or physical environment. A retailer with a gift card program typically occupies the roles of both Issuer and Merchant.

The Issuer can sell/deliver cards to Card Buyers who will provide the cards to Card Recipients, or the issuer can provide them directly to Card Recipients. A third option also exists, in the form of a dedicated Distributor role. A gift card mall operation where cards are sold through destination retailers falls under this role.

Behind the scenes, when a Card Recipient uses his or her prepaid card to pay at a Merchant, a Processor typically validates the card, checks the balance, authorizes the transaction request, and performs clearing and settlement. Processing can be handled in-house or by using an external party.

“As a card manufacturer based in France, we monitor European developments in the prepaid sector closely. DACH is a very exciting arena for prepaid, as the market growth spurs requirements for more sophisticated value added services to further enhance card sales. Retailers and non-retailers demand plug-and-play solutions for selling and redeeming gift cards online. The increased merchandising of cards in stores and gift card malls drive demand for secure packaging to prevent fraud. Finally, we believe there is a need to differentiate prepaid cards, for example by allowing customers to design their own cards. We’re seeing more prepaid products launch this feature in Germany, and research we have commissioned indicates its importance will continue to increase over the next years.”

- Marjorie Vergracht, Marketing Manager, Narboni – an IGH Solutions company

BENEFITS DELIVERED BY PREPAID APPLICATIONS

Prepaid encompasses a myriad of applications, each catering to the different needs of prepaid buyers and recipients. Prepaid buyers load the value onto a card or other stored value format, and distribute them to prepaid recipients, who then monetize on the stored value. The following table outlines the needs fulfilled by the respective applications.

Prepaid application	Benefits delivered
Gifting	<ul style="list-style-type: none"> ▪ Affords the recipient choice ▪ Relieves giver uncertainty ▪ Reduces time for gift selection ▪ Produces incremental sales for retailers ▪ Increases margins for retailers ▪ Float and breakage ▪ Improves inventory management ▪ New customer acquisition and marketing tool
Government disbursements	<ul style="list-style-type: none"> ▪ Cost reduction ▪ Reduced cash handling ▪ Tracking and reporting ▪ Control of disbursed funds ▪ Opportunity for multi-functionality ▪ Allows recipient to partake in non-cash payments
Corporate incentives & benefits	<ul style="list-style-type: none"> ▪ Affords the recipient choice ▪ Effectively incentivize/reward employees and partners ▪ Relieves giver uncertainty ▪ Reduces time for gift selection ▪ Drives new business to redemption partners ▪ Employee benefits with possible tax benefit ▪ Float and breakage
Payroll	<ul style="list-style-type: none"> ▪ Cost reduction ▪ Reduced cash handling ▪ Tracking and reporting ▪ Allows recipient to partake in non-cash payments ▪ Reduces size of black economy
FX & Travel	<ul style="list-style-type: none"> ▪ Reduces risks of carrying cash ▪ Greater acceptance than traveler's checks ▪ Avoids currency fees on credit and debit cards ▪ Better control of FX rates and spending
Fuel	<ul style="list-style-type: none"> ▪ Allows speculation in fuel price fluctuation ▪ Employees need not finance expenses from own funds ▪ Better inventory management/expense tracking for SMEs
Transportation	<ul style="list-style-type: none"> ▪ Cost reduction ▪ Reduced cash handling ▪ Improved tracking and reporting allows for better route planning ▪ Increased efficiency for ticket handling
Remittance	<ul style="list-style-type: none"> ▪ Fast and secure way to send money internationally ▪ Lower cost than banking remittance ▪ More transparent than money transfer services ▪ Allows recipient to partake in non-cash payments
Reimbursement	<ul style="list-style-type: none"> ▪ Cost reductions in administering reimbursements ▪ Opportunities for cooperation with redemption partners ▪ Greater flexibility for recipient compared to vouchers ▪ Improved reporting and reduced fraud ▪ Breakage
General purpose reloadable	<ul style="list-style-type: none"> ▪ Allows recipient to partake in non-cash payments ▪ Alternative to debit and credit cards

DRIVERS AND INHIBITORS TO PREPAID GROWTH

Each prepaid application has different criteria for success and inhibitors to growth in the DACH region. The following table outlines the factors driving and inhibiting growth in this study.

Application	Growth driving factors	Growth inhibiting factors
Gifting	<ul style="list-style-type: none"> Strong growth in e-commerce Retailer understanding of gift card benefits Drive from paper to plastic and virtual Third party distribution 	<ul style="list-style-type: none"> Majority of major retail chains have gift cards already Some perception of gift cards as impersonal Fear of fraud
Government disbursements	<ul style="list-style-type: none"> Government education and awareness of cost benefits Successful existing projects Flexible platform allowing budgeting and spending control 	<ul style="list-style-type: none"> Legacy systems Complicated sales process Regional level decisions
Corporate incentives & benefits	<ul style="list-style-type: none"> Limited network opportunities Drive from paper to plastic and virtual 	<ul style="list-style-type: none"> Stringent tax regulations
Payroll	<ul style="list-style-type: none"> Measures against black economy Allows recipient to partake in electronic payment 	<ul style="list-style-type: none"> Small unbanked population Competition from checks, debit cards and cash as substitutes Legacy systems and entrenched payroll providers
FX & Travel	<ul style="list-style-type: none"> Pre-purchase currency opportunities 	<ul style="list-style-type: none"> Competition from cash, credit cards and traveler's checks as substitutes
Fuel	<ul style="list-style-type: none"> Growth of gift card category SME segment Fluctuation in fuel prices 	<ul style="list-style-type: none"> Low perceived gifting relevance Small opportunity compared to other prepaid applications
Transportation	<ul style="list-style-type: none"> Contactless technology One card useable across multiple transport modes 	<ul style="list-style-type: none"> Cost of infrastructure Complicated sales process Limited number of customer cases
Remittance	<ul style="list-style-type: none"> Lower costs for consumer compared to substitutes Large outward remittance flow 	<ul style="list-style-type: none"> Competition from formal and informal channels Limited customer awareness Strict regulations
Reimbursement	<ul style="list-style-type: none"> Successful existing projects in airline industry 	<ul style="list-style-type: none"> Uneducated market Legacy systems
General purpose reloadable	<ul style="list-style-type: none"> Flexible platform – can be customized to program needs Increased merchant acceptance Youth market Increased awareness due to large number of brands competing for customer attention 	<ul style="list-style-type: none"> Competition from debit cards Preference for cash (Germany) Fee-based programs, many with high annual fees Perception as “poor man’s credit card”

COMPETITIVE LANDSCAPE

The competitive situation and stage in the product life cycle varies for each prepaid application.

Prepaid application	Competition level	Product life cycle	Substitutes
Gifting	High	Growth	Cash, goods
Government disbursements	Medium	Introduction	Cash, check, bank transfer
Corporate incentives & benefits	Medium	Growth	Goods/services, cash
Payroll	None	Not introduced	Bank transfer, cash, check
FX & travel	Low	Introduction	Cash in foreign currency, traveler's checks, debit/credit cards
Fuel	Low	Introduction	Fuel charge/credit cards, cash
Transportation	Medium	Introduction	Cash, debit/credit cards
Remittance	Low	Introduction	Cash, international money transfer agents, hawala, bank transfers
Reimbursement	Low	Introduction	Cash, check, credit transfer
General purpose reloadable	High	Growth	Cash, debit cards

There are no prepaid applications rated as in a Mature stage of the product life cycle in the DACH region. Applications such as Gifting and Corporate incentives & benefits have been around for more than ten years and are still experiencing strong growth. General purpose reloadable prepaid is a fast growing area with rapid increase in the number of brands on the market, and the competition for consumer attention is rated as High, as is the case with Gifting with a large number of retailers moving from paper to plastic prepaid products. The coming of third party distribution through “gift card malls”, where German-based Retailo is a key player, has also accelerated the growth and competition in the gift card sector. Payroll cards have yet to be introduced at a sizable scale in the DACH region, but exist in other country markets, the key inhibitor to success being the low number of unbanked due to the ease of obtaining a bank account.

“Of the three current Kalixa Card territories, Germany has been the most difficult to convert, specifically because of a nationwide lack of awareness of the prepaid concept, combined with a relatively underdeveloped affiliate support infrastructure. However, we are seeing a steady change in Germany – and the rate of change is increasing – as more prepaid cards are issued and fee structures are positioned to offer viable alternatives to debit cards and vouchers.

So, Germany’s getting there. Slowly. But it’s the responsibility of all issuers – domestic or otherwise – to educate their target markets, espousing the benefits of prepaid as a concept, rather than taking the short-sighted approach of simply pushing the fees and features of their particular programme on an unprepared and unresponsive public. The bottom line? Work together to increase the size of the pie, and everyone gets a bigger slice.”

- Phil Campbell, Managing Director, Fifth Dimension Media

PREPAID MARKET SIZE FORECASTS

The following market opportunity estimates include all types of prepaid products including closed loop, restricted/semi-open loop, limited networks and open loop prepaid. The term market opportunity is used to describe the estimated maximum potential annual load value that could be achieved in the market on prepaid products; note that the share of this potential that is currently realized is significantly lower, and also varies between the prepaid applications (e.g. the potential for FX & Travel is less exploited than that for Gifting).

Prepaid application	DACH market opportunity 2011 (EUR million card load value)	Expected annual growth 2012-2016	Closed/restricted loop share of opportunity
Gifting	4 549.2	10-15%	95%
Government disbursements	5 610.6	15-20%	40%
Corporate incentives & benefits	3 441.7	10-15%	90%
Payroll	795.4	0-5%	0%
FX & Travel	1 247.9	5-10%	0%
Fuel	22.7	5-10%	100%
Transportation	4 603.8	10-15%	100%
Remittance	2 927.8	10-15%	0%
Reimbursement	222.8	5-10%	40%
General purpose reloadable	1 752.7	10-15%	0%
Total market opportunity	25 175.1		

The DACH region represents a current prepaid market opportunity of EUR 25.2 billion. The major prepaid opportunities are Government disbursements, Transportation, Gifting, Corporate incentives & benefits, each of which current market potential exceeds EUR 3 billion annually. The sector likely to see strongest growth in the next five years (15-20% annually) is Government prepaid. Other categories expected to see double digit growth are Gifting, Corporate incentives & benefits, Transportation, General purpose reloadable and Remittance. Four applications are expected to be open loop exclusively: General purpose reloadable, FX & Travel, Remittance and Payroll, whereas two are expected to be closed/restricted loop only – Fuel and Transportation.

Country opportunity (EUR million card load value)	Germany	Austria	Switzerland	Total
Gifting	3 571.4	451.4	526.8	4 549.2
Government disbursements	4 555.4	499.8	555.4	5 610.6
Corporate incentives & benefits	2 521.0	424.9	495.8	3 441.7
Payroll	611.9	70.3	113.2	795.4
FX & Travel	882.3	126.1	239.5	1 247.9
Fuel	11.8	3.2	7.7	22.7
Transportation	3 426.0	610.6	567.2	5 241.9
Remittance	1 200.8	251.8	1 475.2	2 927.8
Reimbursement	171.3	16.4	35.1	222.8
General purpose reloadable	1 438.3	137.2	177.2	1 752.7
Total market opportunity	18 390.2	2 591.7	4 193.1	25 175.1

Comparing the application potential per country, by its sheer volume, Germany represents one of the largest potential markets for prepaid in Europe. In the DACH region, Germany constitutes 73.0% of the market opportunity, Switzerland 16.7% and Austria 10.3%. The size of the market opportunity for each prepaid application differs between the countries based on a number of factors, including retail sector concentration, payment instrument preferences, size of the unbanked population, taxation and regulation, and a selection of other criteria.

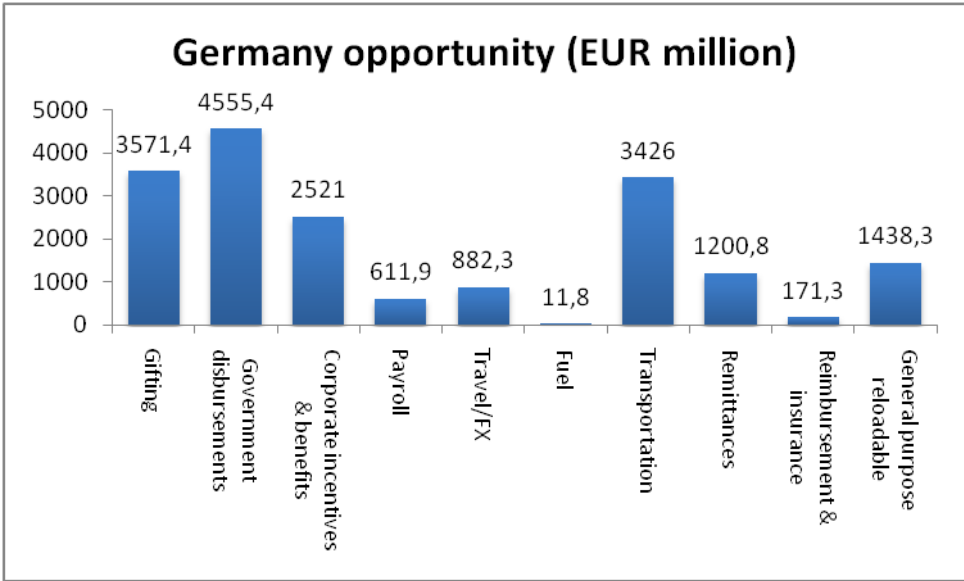


Figure 2: Germany market opportunity (EUR million)

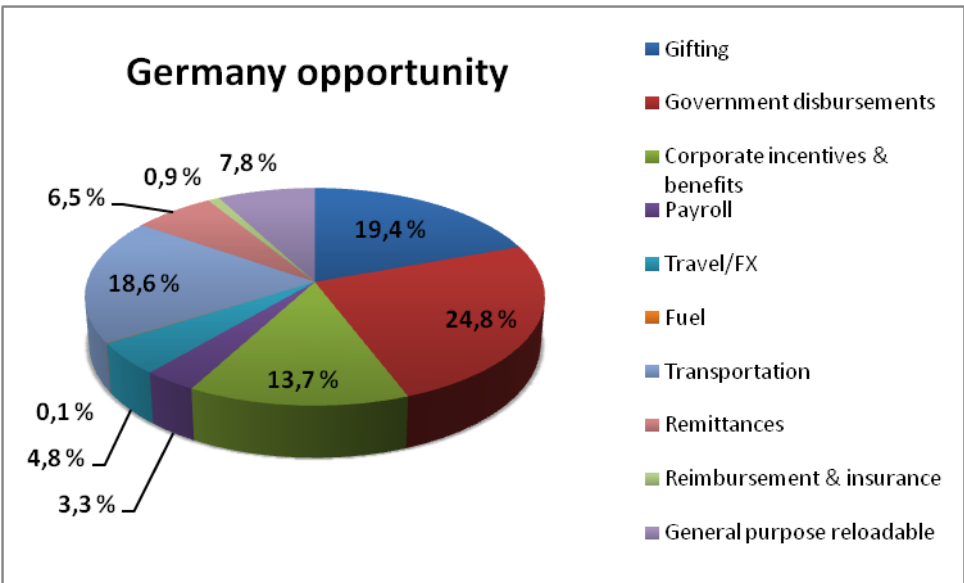


Figure 3: Germany market opportunity (share)

The estimated top five opportunities in Germany (measured as share of potential card load value) are Government disbursements (24.8%), Gifting (19.4%), Transportation (18.6%), Corporate incentives & benefits (13.7%) and General purpose reloadable (7.8%). Combined they constitute 84.3% of the market opportunity.



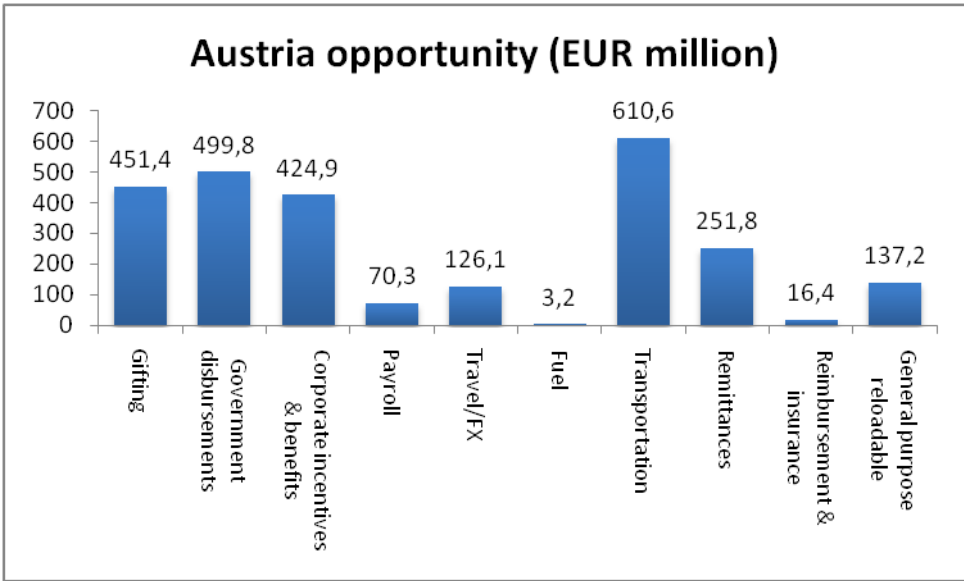


Figure 4: Austria market opportunity (EUR million)

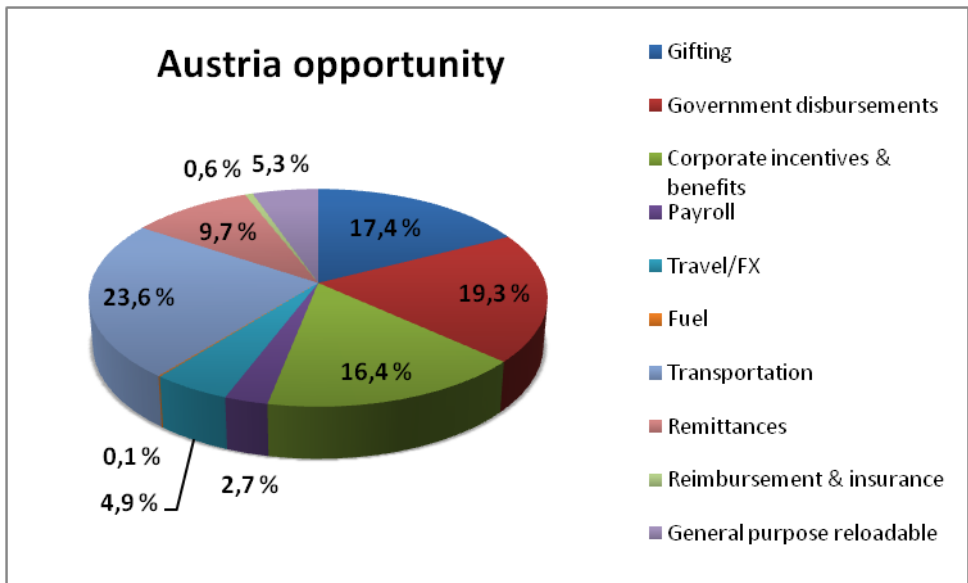


Figure 5: Austria market opportunity (share)

The estimated top five opportunities in Austria (measured as share of potential card load value) are Transportation (23.6%), Government disbursements (19.3%), Gifting (17.4%), Corporate incentives & benefits (16.4%) and Remittances (9.7%). Combined they constitute 86.4% of the market opportunity.

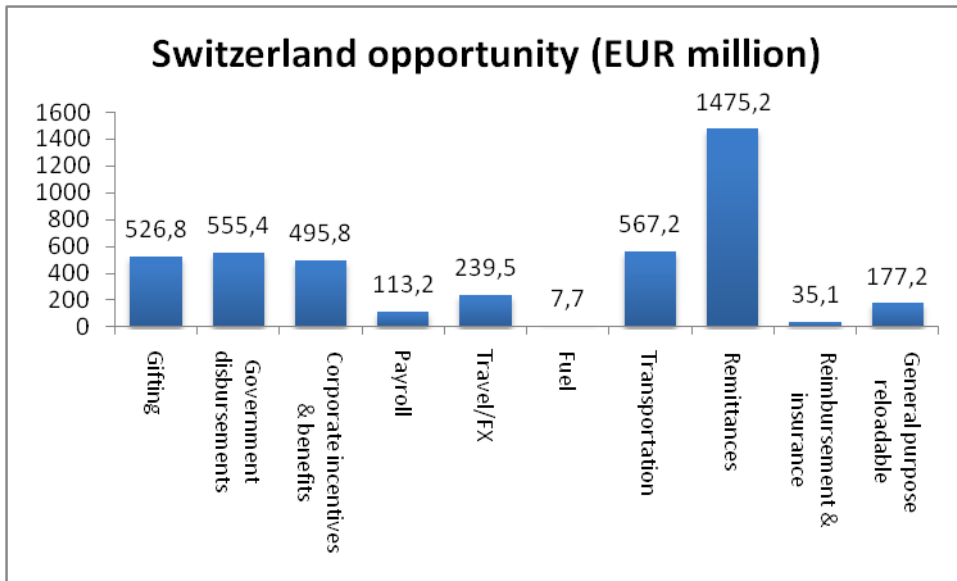


Figure 6: Switzerland market opportunity (EUR million)

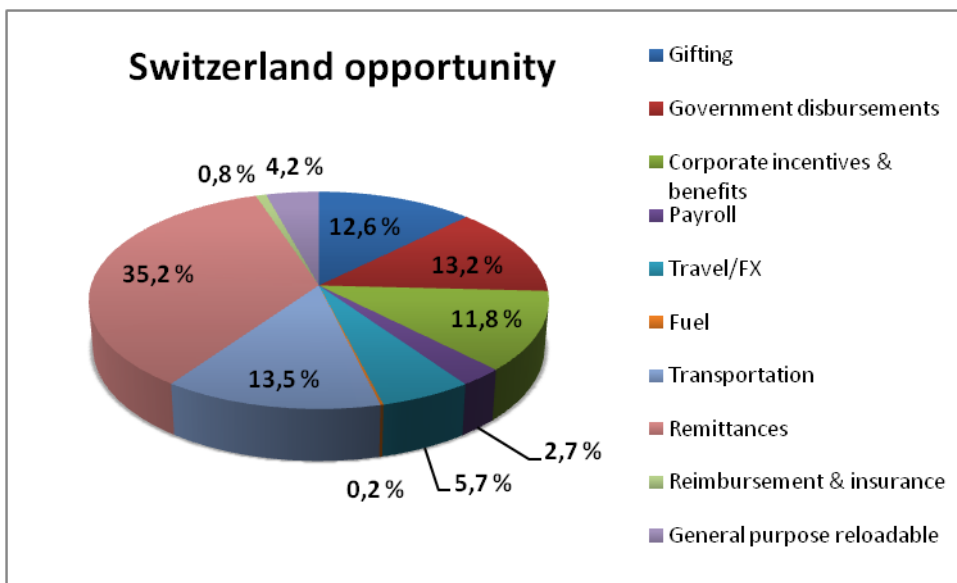


Figure 7: Switzerland market opportunity (share)

The estimated top five opportunities in Switzerland (measured as share of potential card load value) are Remittances (35.2%), Transportation (13.5%), Government disbursements (13.2%), Gifting (12.6%) and Corporate incentives & benefits (11.8%). Combined they constitute 86.3% of the market opportunity.

FROM PAPER TO PLASTIC TO VIRTUAL

Up until the shift of the millennium paper was the dominant prepaid format; then plastic cards began to claim market shares. From 2005, there has been a major shift in formats used with increased speed in the move from paper vouchers to plastic cards. Compared to paper vouchers, plastic cards have lower fraud, are convenient for customers, more durable and give the cards a modern feel. For issuers they provide superior reporting and tracking opportunities. In 2010, it is estimated approximately 55% of prepaid in Europe takes place on plastic cards.

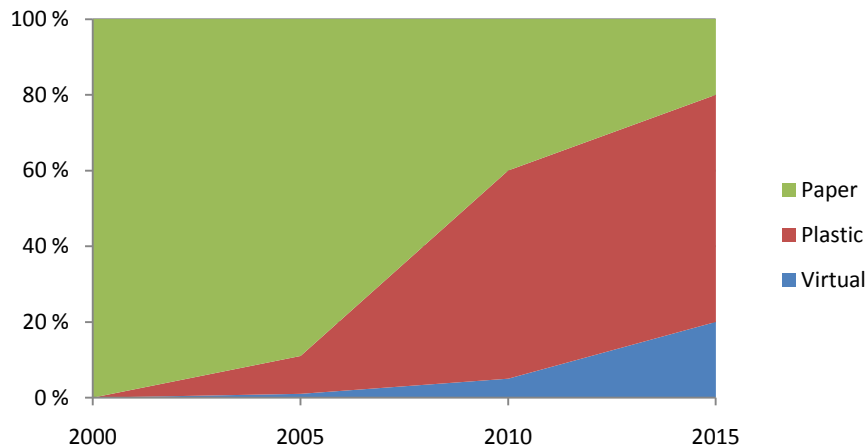


Figure 8: Development from paper to plastic and virtual prepaid formats

Along with the increased uptake in plastic cards, from 2005 the concept of virtual prepaid solutions slowly started to gain traction. Virtual prepaid encompasses a range of technologies used to identify and redeem value, including manually entered codes, barcodes/2D barcodes and NFC, which can be distributed through SMS, e-mail or other channels. Benefits of virtual prepaid are instant issuing and redemption, the marginal cost of issuing another unit is very low, as well as customization/personalization options, e.g. small runs of a particular design. It is predicted that virtual cards might claim as much as 20% market share in prepaid by 2015, while plastic will constitute 60% of the prepaid market, leaving 20% still on paper vouchers.

"First Data is excited about the prospects for the DACH prepaid market. With over 20 years of experience through our TeleCash subsidiary, we have watched a great change in the electrification of payment occur in the region. The DACH region possesses a large and affluent consumer community as well as being the headquarters for many of Europe's leading retailers. Recognizing that the gift card market is still not as mature in DACH as in other nations, we see the opportunity for a higher growth rate for those products in the near term. Additionally, the high penetration of Internet and Mobile phone use will naturally cause a quick leap into new prepaid distribution channels, especially for virtual card accounts."

- Michael Hursta, Vice President – Prepaid Category Manager, First Data Corporation

First Data, a global leader in the prepaid market, has been studying consumer behavior and interest in gift cards for over a decade. One of the company's key tools is the Consumer Insights Survey which has been commissioned annually in the United States and Canada. Over several years these surveys have become important tools in defining relevant trends in consumer attitude and familiarity with existing and emerging gift card services.

Starting in 2010, First Data launched the first of what will be annual surveys in the UK and Germany. The German study was carried out from October 20 to November 4, 2010 as a 15 minute web-based survey with 1200 respondents using the e-Rewards online panel. The criteria to participate in the study were that the respondents were 18 years of age or older and aware of gift cards. Below are some key findings on Germans:

Many German consumers have purchased and/or intend to purchase gift cards in 2010

- Among all German consumers who qualified to participate in the survey, 46% indicate they have purchased a gift card in the last year.
- 49% indicate they intend to purchase a gift card before the end of 2010.
- 39% indicated they both purchased and intend to purchase a gift card in 2010.

On average 3.4 gift cards bought by those who had purchased gift cards the last year

- Among German consumers who completed the survey, an average of 3.4 gift cards in total was purchased by consumers.
- The average number of closed loop products was 3.1 (for those consumers who had bought closed loop products).
- The average number of open loop cards was 2.0 (for those who had bought open loop products).
- It should be noted the share of consumers who had bought open loop cards was much lower than those who had bought closed loop products.

Non-purchasers say gift cards are not personal enough

- 40% of non-purchasers say they prefer buying a personal gift and that gift cards are not personal enough.
- In addition, 34% already knew what to get as a gift.

German consumers purchase gift cards because the receiver can buy what they want

- German consumers who purchased or intend to purchase say that the main reason for purchasing a gift card is so the receiver can purchase what they want (73%) and indicate a liking for the flexibility in redeeming a gift card (63%).

Recipient desires influence German purchasers

- One in five (20%) purchasers say the recipient asked for a gift card; of those, 86% requested a card from a specific store.

Specialty Retail Stores and Department Stores have the highest share of purchases measured in card load value.

- Overall, Specialty Retail Stores have the highest share of load value (24%). For those consumers who purchased at these locations, the average was 2.0 cards at €39 each.
- Department Stores have 20% share of the load value. Among those who have purchased there, the average purchase number of 2.1 at €43 per card.

Gift card malls are second in popularity for purchase location; if out-of-stock, they go directly to the store

- Most German consumers purchased (61%) in person at the specific store. Gift card malls come next at 29%.
- If the gift card mall is out-of-stock, 46% of consumers indicate they will go directly to the store.

Exposure to e-gift cards is low

- 10% of consumers have purchased an e-gift card, and only 12% have received one.
- Virtually all recipients of an e-gift card (95%) received it via e-mail.

If received, e-gift cards would likely be used for online purchases

- 59% say they would redeem an e-gift online. 22% would do so in store and 19% aren't sure.

More than half have not received a gift card as an incentive from a store, but most would like to

- 54% have never received a gift card as an incentive from a store.
- Interest in receiving incentives is broad with only 17% indicating that they aren't interested.
- Approximately half of consumers would like to purchase a particular item and receive a free/discounted card, spend a minimum amount and receive a free/discounted card, or use their debit/credit card as payment and receive a free/discounted card.

GELDKARTE



Germany is home to GeldKarte, a chip-based electronic purse system which is jointly maintained by the German banking industry. Over 81 million girocards (formerly: ec cards) or banking cards carry the chip already. It can be topped-up with electronic money up to 200 Euros. Austria also has its own e-wallet scheme, Quick.

GeldKarte is mostly used for small purchases which have required small change. Among other sectors it is accepted in public transport, at parking garages, public telephones, and vending machines. A total of approximately 600 000 acceptance points is available to GeldKarte users on a nationwide basis.

The cardholder does not reveal his or her identity, at the same time payment to the merchant is guaranteed by the card-issuing bank. Additional functions such as the protection of minors at cigarette machines and on the Internet, electronic ticketing, or electronic signatures will help GeldKarte further strengthen its leading position over the coming years.

In 2009, German GeldKarte cards were loaded approximately 5.7 million times, transferring about 152 million € into the chip. About 27 Euro were loaded per loading transaction. Users of GeldKarte who own a card reader can load their GeldKarte via the internet.

In 2009, the card was used to make 45 million payments at approximately 600.000 acceptance points, paying about 2.90 Euro per paying transaction. Altogether approximately 131 million Euro were paid with the GeldKarte. Each day Germans spent about 360 000 Euro using their electronic purse, especially on paying for bus or tram tickets, parking tickets or cigarettes.

Most banks issue debit cards with GeldKarte chip free of charge. However, this is an individual decision, and there are also banks which charge a small annual fee (e.g. 5 Euro). Loading a GeldKarte via internet is free of charge. Paying with GeldKarte does not cost the consumer anything. For accepting GeldKarte as a means of payment, however, the banks charge 0.3% of the amount paid (with a minimum charge of 0.01 Euro per transaction) from the merchant.

MARKET ENTRY - KALIXA CARD CASE STUDY

The Kalixa prepaid MasterCard is issued by Vincenzo Payment Solutions Ltd in the UK, Germany and Italy. As such, this case study provided by Fifth Dimension, a digital marketing agency for companies within the payments industry and online retail, provides insights into the process of launching a prepaid card in multiple European prepaid markets, with special attention to the conditions in the German market.

From its inception, Vincenzo's vision was to issue prepaid cards across Europe. It took the decision of developing and owning the electronic payment process, including card issuing, payment processing and scheme membership. The strategic thinking is that this approach provides the control, agility and flexibility to rapidly adapt to changing market conditions, with the overall goal of serving the customer best, and hence delivering the market leading prepaid product across Europe.

While accepted that this is not the quickest route to market, it enabled key decisions to be made with consideration for the end goal, whether this was concerning regulatory matters, scheme membership, shaping of the product, or appropriate channel partners. Germany was identified as an initial market for Vincenzo alongside the UK and Italy through a result of market research and meeting the company's commercial aims.

With the UK being both the most developed prepaid market and best comprehension by the financial regulators, Vincenzo headquartered in the UK and applied for an e-money license from the FSA in the United Kingdom. Vincenzo's sister company CQR Payment Solutions, who provide the acquiring function, had an established base in Austria which provided a local presence for both shaping the product for Germany and working with local partners.

Although the product was intended to be broadly the same across Europe, identifying the local audiences was key in developing the offer for the intended general purpose prepaid card.

In late 2008, Vincenzo began the process for choosing a name and subsequent brand development. The brief was to find a name suitable for all markets, both for the initial launch and future so cultural and dialect considerations were paramount in the process. It was equally important to secure appropriate protection of the name for current and future markets, and applicable domains given the principally web based product. In the summer of 2009, Kalixa was chosen internally.

During this time, Vincenzo trialed a live prepaid MasterCard with a selected group of cardholders. This allowed for invaluable user testing of all aspects including communication, registration and usage within real world environments.

The live testing phase was an invaluable time to resolve various technical issues that could otherwise impact negatively on real cardholders. The feedback from these early users initiated a change in the registration process almost immediately, which encompassed internal processes such as risk management as well as the public on-line registration. The availability of a live product during this period also helped to move forward commercial discussions with various partners, so that these could be ready for the public launch in February 2010. In terms of card features, chip & PIN is a must and standard in the German banking industry.

For the German audience a number of changes were made in the communication with the customer, to adopt a more formal style compared with the UK. German consumers are used to a more formal approach, which is



reflected on websites, in e-mail correspondence, printed literature and customer services. Be wary of automated translation tools, or translators that do not know the industry. Translating directly from English is not sufficient as banking and card payments are specific to the German market. Prospective customers can tell, and native German country staff are a worthwhile investment. Online banking has been accepted, as long as there is a 24/7 customer support available via phone and email. Whilst high street banks being to encourage their customers to switch to online statements (by charging them for postal delivery), paper statements are still popular, but not mandatory.

There are practical issues for the KYC process, as the same data sources are not available in Germany as the UK, and there are varying levels of accuracy. Similarly, there are practical issues related to dispatch of cards and documentation from an overseas address into the local market. While the time and cost issues are more obvious, the accuracy of the mailing partner is also important to avoid costly returns.

Vincento never contemplated mass media campaigns – the high cost involved demands significantly greater returns. The goal was to grow cardholder numbers consistently and this was achieved with Kalixa through proven methods. PR activity was used to raise the profile of Kalixa among the general public with a range of direct promotions run in conjunction with online media partners. Other promotions were run directly to target audiences, such as football clubs before and during the World Cup.

Kalixa is established with a wide range of affiliates though this is a different network in Germany to the UK. Kalixa was also integrated with some leading consumer sites in Germany with support to market direct to their active customer base which offers access to cardholders as well as the opportunity to incentivize usage. Choosing the right affiliate network is important for success. The market share of affiliate networks in Germany is very different to the UK, which might force prepaid issuers to sign up for a second or even third network, in order to reach local websites.

In terms of cardholder differences between the markets, in Germany the average monthly load is around 20% less in real terms than the UK, though only 8% less when taking the EUR & GBP on parity. The German audience spend a higher percentage of the card balance, on average spending 66% of the average load, compared with just 50% in the UK. German cardholders are four times more likely to make a withdrawal at an ATM with both markets equally conscious about using cash machines overseas, due to the costs incurred.

The ratio of male to female cardholders is consistent across Germany and the UK at about 6:1. In Germany this can rise to 20:1 though this is clearly attributable to specific promotions within football.

PREPAID APPLICATION TEMPLATE

The following section of the report contains 10 prepaid application fact sheets and sample card programs. This sample template explains the content found in the various sections in each of the fact sheets.

APPLICATION DESCRIPTION

A presentation of the concept of the application, in terms of what it does and purpose it serves, and other miscellaneous information of relevance.

BENEFITS DELIVERED

An overview of the benefits provided by the given prepaid application. The benefits can be to card buyers and card recipients or even other stakeholders.

MARKET SIZING

An estimate of the current market potential for the prepaid application in the DACH region, along with forecasted growth rates to 2016. This section also breaks the market down by shares for open and closed/restricted loop cards.

COMPETITIVE LANDSCAPE

A classification of the assessed level of competition (low, medium, high), application stage in the product life cycle (not introduced/introduction/growth/maturity/decline), and substitute alternatives to a prepaid card for the given application.

DRIVERS AND INHIBITORS TO GROWTH

Factors characterized as either growth drivers or inhibitors are individually assessed for each application in the DACH region.

SAMPLE PROGRAM

This section contains a sample program representative for the given prepaid application in the DACH region. Note that the information is provided as it is presented by the card issuer, which portrays how the card is marketed via websites, brochures etc.

Name – Card program name

Website – link to website for additional information

Overview – short description of the card program

Image – an illustration of the card design

Issued by – who issues the card

Target audience – who the target group for the card is

Features – overview of card characteristics

Fees – overview of fees

Other – miscellaneous information, including card metrics

Note that all information elements are not necessarily provided for all sample cards due to information availability and relevance.

GIFTING

APPLICATION DESCRIPTION

Gift card programs offer retailers more flexibility, greater consumer marketing potential, improved sales promotions and improved data capture and tracking functionality than paper vouchers. Fraud is also lower on gift cards compared to paper vouchers. For consumers, gift cards are an alternative to presents and help to reduce the level of unwanted gifts. Gift card sales peak during seasonal times such as Christmas.

BENEFITS DELIVERED

Prepaid application	Benefits provided
Gifting	<ul style="list-style-type: none"> ▪ Affords the recipient choice ▪ Relieves giver uncertainty ▪ Reduces time for gift selection ▪ Produces incremental sales for retailers ▪ Increases margins for retailers ▪ Float and breakage ▪ Improves inventory management ▪ New customer acquisition and marketing tool

MARKET SIZING

Prepaid application	DACH market opportunity 2011 (EUR million card load value)	Expected annual growth 2012-2016	Closed/restricted loop share of opportunity
Gifting	4 549.2	10-15%	95%

Country opportunity (EUR million card load value)	Germany	Austria	Switzerland	Total
Gifting	3 571.4	451.4	526.8	4 549.2

COMPETITIVE LANDSCAPE

Prepaid application	Competition level	Product life cycle	Substitutes
Gifting	High	Growth	Cash, goods

DRIVERS AND INHIBITORS TO GROWTH

Application	Growth driving factors	Growth inhibiting factors
Gifting	<ul style="list-style-type: none"> ▪ Strong growth in e-commerce ▪ Retailer understanding of gift card benefits ▪ Drive from paper to plastic and virtual ▪ Third party distribution 	<ul style="list-style-type: none"> ▪ Majority of major retail chains have gift cards already ▪ Some perception of gift cards as impersonal ▪ Fear of fraud

HAPPY SCHENKCARD

Website: <http://www.happyschenkcard.com>

Overview: The Happy SchenkCard is a prepaid card. This means that it is charged with a certain amount. Charged with the credit you can give presents or other whim. You can use the Happy SchenkCard wherever MasterCard® is accepted.

Image:



Issued by: The Happy Schenkcard is issued by Prepaid Services Company Ltd.

Target audience: The Happy Schenkcard can be bought at selected partner stores. The Happy Schenkcard may be issued to under-18 year olds.

Features:

- You can use your Happy SchenkCard wherever MasterCard is accepted, worldwide with more than 29 million merchants.
- You can use your Happy Schenk card for online shopping, as long as the online store operator accepts MasterCard. To pay with your Happy SchenkCard on the Internet, please enter your card number and the CVV2 code. In addition, you are prompted, as with other credit cards to provide the name of the cardholder. Even if your card is not personalized, please enter your own name.
- To check the current balance on your card to request your Happy Schenk, simply go to www.Happyschenkcard.com and enter the card number, CVV2 code and validity of your card.
- Cash withdrawals are not possible with the Happy Schenk Card.

Fees: The activation fee is payable when purchasing a Happy Schenk Card and is for all denominations of 4.99 EUR. From the 7th Month after activation is a monthly service fee of 2.00 EUR.

Other: You can choose from cards, which are precharged with a credit of 25 EUR, 50 EUR or 100 EUR - 4.99 EUR each plus activation fee.

As the happy Schenk Card can be bought without having to present your ID and the card therefore is not personalized, you cannot use the card for services that require address verification via credit card.

GOVERNMENT DISBURSEMENTS

APPLICATION DESCRIPTION

These are government loaded cards whose primary target group is people who cannot easily get bank accounts, such as immigrants and low income families. The cards can be used in various areas including petty cash, purchasing and relocation assistance and used to pay a wide variety of social benefits. They can usually be controlled to stop expenditure on specific product categories or to ensure that certain products are purchased from set locations. There are significantly reduced costs for the government in terms of administration and cash/check handling charges and recipients get access to funds quicker and with less stigma (no queuing).

BENEFITS DELIVERED

Prepaid application	Benefits provided
Government disbursements	<ul style="list-style-type: none"> ▪ Cost reduction ▪ Reduced cash handling ▪ Tracking and reporting ▪ Control of disbursed funds ▪ Opportunity for multi-functionality ▪ Allows recipient to partake in non-cash payments

MARKET SIZING

Prepaid application	DACH market opportunity 2011 (EUR million card load value)	Expected annual growth 2012-2016	Closed/restricted loop share of opportunity
Government disbursements	5 610.6	15-20%	40%

Country opportunity (EUR million card load value)	Germany	Austria	Switzerland	Total
Government disbursements	4 555.4	499.8	555.4	5 610.6

COMPETITIVE LANDSCAPE

Prepaid application	Competition level	Product life cycle	Substitutes
Government disbursements	Medium	Introduction	Cash, check, bank transfer

DRIVERS AND INHIBITORS TO GROWTH

Application	Growth driving factors	Growth inhibiting factors
Government disbursements	<ul style="list-style-type: none"> ▪ Government education and awareness of cost benefits ▪ Successful existing projects ▪ Flexible platform allowing budgeting and spending control 	<ul style="list-style-type: none"> ▪ Legacy systems ▪ Complicated sales process ▪ Regional level decisions

STUTTGART FAMILIENCARD

Website: <http://www.stuttgart.de/familiencard>

Overview: Sodexo paired up with the Baden-Wuerttemberg state capital Stuttgart in 2001 to launch the FamilienCard, a government prepaid program targeted at low-income families. The city of Stuttgart is funding the card, which can be used to pay for select services.

Image:



Issued by: Sodexo

Target audience: Children and young people who are not older than 16 years and are registered with primary residence in Stuttgart, provided that the total (gross) income of the family does not exceed the income limit of 60,000 Euro on the latest tax or income statement. This income limit applies for families with 1 to 3 children. For families with four or more children, for which the child benefit will be evident, the card can be issued regardless of income level.

Features:

- The card is loaded with 60 € per year per child that can be used for certain services. The amount is stored on an electronic chip and usable with payment terminals at select merchants.
- 20 percent discount on the fees of the music school and the parents' contributions for Stadtranderholung (Waldheim).
- From September 2010, the FamilienCard has been coupled with a reduction of kindergarten fees.

Other:

- The card value is valid for one calendar year. It cannot be saved and transferred to the following year.
- FamilienCard is non-transferable.
- The stored value can also be used for family tickets.
- The state capital Stuttgart reserves in case of abuse the right to collect the FamilienCard. A lost card can only be replaced in exceptional cases, for example, theft, and then only once.

CORPORATE INCENTIVES AND BENEFITS

APPLICATION DESCRIPTION

Companies can load value onto a prepaid instrument distributed to selected employees, partners and customers in order to provide motivation and engagement. Prepaid cards offer the same instant gratification as cash or checks, but they still remind staff where the funds have come from. Employee benefits such as lunch, healthcare, childcare etc. can also be paid out on prepaid. As an electronic form of payment, prepaid cards instantly bring a range of benefits to the companies using them. They eliminate any cash or checks, and subsequent paperwork associated with them. Cards also provide clearer audit trails and thus can substantially reduce fraud, as there are clear records of who was paid what for what action.

BENEFITS DELIVERED

Prepaid application	Benefits provided
Corporate incentives & benefits	<ul style="list-style-type: none"> ▪ Affords the recipient choice ▪ Effectively incentivize/reward employees and partners ▪ Relieves giver uncertainty ▪ Reduces time for gift selection ▪ Drives new business to redemption partners ▪ Employee benefits with possible tax benefit ▪ Float and breakage

MARKET SIZING

Prepaid application	DACH market opportunity 2011 (EUR million card load value)	Expected annual growth 2012-2016	Closed/restricted loop share of opportunity
Corporate incentives & benefits	3 441.7	10-15%	90%

Country opportunity (EUR million card load value)	Germany	Austria	Switzerland	Total
Corporate incentives & benefits	2 521.0	424.9	495.8	3 441.7

COMPETITIVE LANDSCAPE

Prepaid application	Competition level	Product life cycle	Substitutes
Corporate incentives & benefits	Medium	Growth	Goods/services, cash

DRIVERS AND INHIBITORS TO GROWTH

Application	Growth driving factors	Growth inhibiting factors
Corporate	<ul style="list-style-type: none"> ▪ Limited network opportunities 	<ul style="list-style-type: none"> ▪ Stringent tax regulations

**incentives &
benefits**

- Drive from paper to plastic and virtual



BESTCHOICE UNIVERSAL VOUCHER

Website: www.cadooz.de

Overview: With the BestChoice universal voucher, you've chosen a product that anyone would enjoy. BestChoice can be exchanged for vouchers from over 200 retail partners - the lucky recipient can select from well-known brands and a host of specialist suppliers.

Issued by: Cadooz AG

Target audience: Commercial market

Features:

- With this universal voucher, the recipient has the chance to use vouchers from 200 partners in the areas of fashion and beauty, electronics and furniture, travel and sport, entertainment and gastronomy. Choose and combine as it suits you best.
- Upon request, we print vouchers with your company's logo.
- No minimum order quantity or obligation to accept the voucher.
- Once a date has been agreed, the complete shipping of the vouchers via Cadooz can be carried out within 48 hours.
- BestChoice is available starting at 5 euros and goes up in amounts of five.

Fees: No fees for the consumer

Other: The BestChoice voucher comes in many variants. In addition to the Universal voucher, the following variants exist:

- BestChoice VIP Karte: Exclusive voucher in bank card format
- BestChoice Mobile – Voucher per SMS
- BestChoice Easter – The Easter voucher for customers, partners and employees
- BestChoice eShop: The online voucher for your internet loving target group
- BestChoice Europe: The right incentive Europe-wide
- BestChoice Europe eShop: The right online incentive – Europe-wide
- BestChoice Christmas – The voucher for making individual Christmas wishes come true
- BestChoice Holiday – Making dream holidays come true
- BestChoice Anniversary – The right gift for that special day
- BestChoice Women – The voucher that's sure to please any woman
- BestChoice Men – the right incentive for your male target group

Image:

BestChoice

Einkaufsgutschein



BESTCHOICE WERT
50 Euro

BESTCHOICE CODE
123Muster456

SERIENNUMMER
123456789

Einlösewege

@ Bestellung im Internet

1. Geben Sie in der Adresszeile Ihres Browsers folgendes ein
www.einloesen.de/bc-premium
2. Geben Sie Ihren BestChoice Code in das dafür vorgesehene Feld ein.
3. Wählen Sie Ihre Wunschgutscheine aus über 200 Anbietern

Bestellung per Fax oder Brief

Tragen Sie Ihre Gutscheinwünsche auf der Rückseite ein und schicken Sie diese an die umseitig angegebene Adresse oder Faxnummer. Innerhalb von 2-4 Werktagen erhalten Sie Ihre Gutscheine per Post. Notieren Sie sich bitte gesondert den BestChoice Code und die Seriennummer, bevor Sie uns Ihren Gutschein zusenden.

? Haben Sie noch Fragen?

Dann schicken Sie bitte eine E-Mail an service@cadooz.de. Das cadooz-Serviceteam hilft Ihnen gern bei Fragen zum Einlöseprozess weiter.

! Wichtig!

Bitte beachten Sie, dass Sie Ihren BestChoice Einkaufsgutschein nicht direkt in den Geschäften einlösen können!

IHR LOGO

Lieber Interessent,
hier könnte Ihr individueller Wunschttext stehen! So können Sie auf einfache und kostengünstige Art Ihrem BestChoice Empfänger noch einmal ganz persönlich für seinen Einsatz danken. Wenn Sie spezielle Wünsche bezüglich der Platzierung von Text und/oder Logo haben, sprechen Sie uns gerne an.

cadooz
Gutscheine & Prämiensysteme

PAYROLL

APPLICATION DESCRIPTION

Payroll cards are used as an alternative to cash or checks for employees with or without a bank account. Value is loaded on the card by the employer. Employees use the card as they would a debit card linked to a personal account. The card is usually a re-loadable prepaid card. Each pay period the employee's pay is automatically deposited into their individual card account. These cards are becoming increasingly popular in emerging markets where there is a lack of traditional banking relationships. Employers are attracted to prepaid payroll cards because of the reduced costs resulting from moving employees from paper-based to electronic systems.

BENEFITS DELIVERED

Prepaid application	Benefits provided
Payroll	<ul style="list-style-type: none"> ▪ Cost reduction ▪ Reduced cash handling ▪ Tracking and reporting ▪ Allows recipient to partake in non-cash payments ▪ Reduces size of black economy

MARKET SIZING

Prepaid application	DACH market opportunity 2011 (EUR million card load value)	Expected annual growth 2012-2016	Closed/restricted loop share of opportunity
Payroll	795.4	0-5%	0%

Country opportunity (EUR million card load value)	Germany	Austria	Switzerland	Total
Payroll	611.9	70.3	113.2	795.4

COMPETITIVE LANDSCAPE

Prepaid application	Competition level	Product life cycle	Substitutes
Payroll	None	Not introduced	Bank transfer, cash, check

DRIVERS AND INHIBITORS TO GROWTH

Application	Growth driving factors	Growth inhibiting factors
Payroll	<ul style="list-style-type: none"> ▪ Measures against black economy ▪ Allows recipient to partake in electronic payment 	<ul style="list-style-type: none"> ▪ Small unbanked population ▪ Competition from checks, debit cards and cash as substitutes ▪ Legacy systems and entrenched payroll providers

MAESTRO ALLROUNDER

Website: http://www.prepaid-karten.at/plb/opencms/en/Home/Karten/Maestro_Allrounder/index.html

Overview: Maestro Allrounder is a PIN-protected Maestro Prepaid card that will be used to make financial payments to you during your military service. You can check the current balance on your card over the Internet by entering a customer access number. Your PIN and access number will be supplied with the card.

Image:



Issued by: PayLife Bank GmbH

Target audience: Government

Features:

- The Maestro Allrounder can be used at any Maestro participating outlet. That means you can use the card to withdraw cash and pay for goods and services in shops that accept Maestro.
- You can check the current balance on your Maestro Allrounder and view recent transactions over the Internet (balance enquiries and recent transactions)

Fees:

- 4 free cash withdrawals per month at ATM machines after initial loading; then € 3 per withdrawal
- 4 free payments per month at PoS terminals after initial loading; then € 0.50 per payment
- 4 free balance enquiries per month by Internet after initial loading; then € 0.25 per enquiry

Other: The Maestro Allrounder card is used for several different prepaid applications including unemployment/welfare benefit payments.

FOREIGN EXCHANGE (FX) & TRAVEL

APPLICATION DESCRIPTION

FX & Travel cards enable travelers to access funds from a card-based product that incorporates the same benefits and protection provided by traditional travelers checks. Value is loaded onto the card in a select foreign currency. As cards are open loop (Visa, MasterCard etc.), they can be used to make purchases and to withdraw money from ATMs anywhere in the world the payment network's cards are accepted. Travel cards are generally accepted at more point of sale locations than traditional travelers checks.

BENEFITS DELIVERED

Prepaid application	Benefits provided
FX & Travel	<ul style="list-style-type: none"> ▪ Reduces risks of carrying cash ▪ Greater acceptance than traveler's checks ▪ Avoids currency fees on credit and debit cards ▪ Better control of FX rates and spending

MARKET SIZING

Prepaid application	DACH market opportunity 2011 (EUR million card load value)	Expected annual growth 2012-2016	Closed/restricted loop share of opportunity
FX & Travel	1 247.9	5-10%	0%

Country opportunity (EUR million card load value)	Germany	Austria	Switzerland	Total
FX & Travel	882.3	126.1	239.5	1 247.9

COMPETITIVE LANDSCAPE

Prepaid application	Competition level	Product life cycle	Substitutes
FX & travel	Low	Introduction	Cash in foreign currency, traveler's checks, debit/credit cards

DRIVERS AND INHIBITORS TO GROWTH

Application	Growth driving factors	Growth inhibiting factors
FX & Travel	<ul style="list-style-type: none"> ▪ Pre-purchase currency opportunities 	<ul style="list-style-type: none"> ▪ Competition from cash, credit cards and traveler's checks as substitutes

TRAVEL CASH CARD

Website: <http://www.travelcash.ch>

Overview: Swiss Bankers Travel Cash makes travel even easier. You load your Travel Cash card up to a card balance of 10 000 euros, US dollars or Swiss francs and withdraw cash in local currency at any of more than 1.5 million ATMs worldwide. Swiss Bankers Travel Cash is a development of the Travelers Cheques. As safe as its paper counterpart, it is replaced worldwide, at no charge and with its remaining balance credited to your account if lost or stolen. Unlike other cards, Swiss Bankers Travel Cash is not tied to your bank account. This improves safety in the event of loss.

Image:



Issued by: Swiss Bankers Prepaid Services Ltd

Target audience: The Travel Cash card is available in euros, US dollars and Swiss francs. When you travel in Europe or the United States, a card in euros or US dollars is recommended. It is much more economical to choose the right currency you need at the time you load the card and not when you withdraw cash at ATMs abroad.

Features:

Load

- Easy to load. At 130 banks, PostFinance locations and currency exchange offices of the Swiss Federal Railways
- Three different card currencies, i.e. CHF, EUR and USD
- Immediate delivery upon receipt of order (as a rule the next business day)
- No annual fees
- No credit check

Use

- Withdraw cash from over 1.5 mio. ATMs worldwide
- Pay direct at over 11 mio. merchant locations
- Reloadable
- Transparent budget overview (by phone or Internet)
- Low withdrawal charges
- Ideal supplement to credit cards

Security

- Prompt worldwide replacement if lost or stolen
- Not tied to bank account

- Blocked immediately and at no charge

Utmost safety: Swiss Bankers Travel Cash is replaced worldwide, at no charge and with its remaining balance credited to your account if lost or stolen. Unlike other cards, Swiss Bankers Travel Cash is not tied to your bank account. This improves safety in the event of loss.

Get cash worldwide: The Travel Cash Card allows you to withdraw cash in local currency at 1.5 million ATMs worldwide. And to pay for purchases directly at more than 13 million merchant locations, primarily in Europe. Please look for the Maestro logo at ATMs and merchant checkout counters.

Easy to reload: You can reload your Travel Cash Card at any time where you purchased it. As a rule, you pay a 1% charge of the load amount and are able to withdraw funds again in local currency the next time you travel.

Many locations: You can obtain Swiss Bankers Travel Cash at banks, PostFinance and SBB exchange bureau.

Fees: As a rule, a commission in the amount of 1% of the load amount applies when buying or reloading a Travel Cash Card. There is no annual charge for the Travel Cash Card. Also, there is no charge if the Card is not used.

Service charges of EUR 3.00, USD 3.00 or CHF 5.00 (depending on Card currency) apply to ATM cash withdrawals and are debited to the Card. An additional charge may apply at selected ATMs. Service charges are subject to change without notice.

When paying direct at stores or checkout counters, a charge of EUR 1.00, USD 1.00 or CHF 1.50 (depending on Card currency) per transaction applies. Service charges are subject to change without notice.

Other: Travel Cash Cards can be reloaded at any branch office of the distributor where you purchased the Card initially. If you have purchased a Card from PostFinance, it can be reloaded online through [E-Finance](#). The Card cannot be reloaded by Swiss Bankers Customer Service or through payment to Swiss Bankers Prepaid Services AG. The reload amount is available three hours after your bank has transferred the funds to Swiss Bankers Prepaid Services (even on weekends).

FUEL

APPLICATION DESCRIPTION

These cards are pre-loaded fuel cards which can be purchased for example by family members for teens and students; or as pre-approved expense cards to employees at companies that do not utilize fleet cards or other fuel cards. Cards are limited for use at the petrol chain which issues the card.

BENEFITS DELIVERED

Prepaid application	Benefits provided
Fuel	<ul style="list-style-type: none"> ▪ Allows speculation in fuel price fluctuation ▪ Employees need not finance expenses from own funds ▪ Better inventory management/expense tracking for SMEs

MARKET SIZING

Prepaid application	DACH market opportunity 2011 (EUR million card load value)	Expected annual growth 2012-2016	Closed/restricted loop share of opportunity
Fuel	22.7	5-10%	100%

Country opportunity (EUR million card load value)	Germany	Austria	Switzerland	Total
Fuel	11.8	3.2	7.7	22.7

COMPETITIVE LANDSCAPE

Prepaid application	Competition level	Product life cycle	Substitutes
Fuel	Low	Introduction	Fuel charge/credit cards, cash

DRIVERS AND INHIBITORS TO GROWTH

Application	Growth driving factors	Growth inhibiting factors
Fuel	<ul style="list-style-type: none"> ▪ Growth of gift card category ▪ SME segment ▪ Fluctuation in fuel prices 	<ul style="list-style-type: none"> ▪ Low perceived gifting relevance ▪ Small opportunity compared to other prepaid applications

SHELL PREPAID CARD

Website:

http://www.shell.de/home/content/deu/products_services/on_the_road/card_services/prepaid_card/

Overview: For those who want to be nice to friends, clients or employees, the Shell Prepaid Card is the ideal gift. Whether a birthday or Christmas, anniversary, promotion, or motivational token of appreciation - the Shell Prepaid Card is always the right choice.

The prepaid card is sized to fit in any wallet and functions like cash - it allows refueling and shopping at 2,200 Shell stations in Germany, and is offered as a replacement of the previously available Shell paper vouchers.

Image:



Issued by: euroShell Deutschland GmbH

Target audience: Consumer and commercial market

Features:

- You can determine the value of the Shell Prepaid Card.
- The difference between the value of your purchase and the remaining value on the card can be transferred to further Shell prepaid cards, debit card, credit card or as cash.
- The design of the Shell Prepaid Card can be customized to customer specifications.
- Attractive designs tempt collectors.
- When paying with the Shell Prepaid Card, you can of course also collect Shell Drivers' Club points.
- You have the option to customize the card: both the card case/package and the Shell Prepaid Card can be designed according to your wishes. You can include your company name or the company logo can be printed on the card. This helps you improve your customers' awareness of your company.

Other: The card is available in two versions.

- *Shell Prepaid Card for all products:* Use this card to pay for fuel, other products and services at Shell stations. Values: 10, 25, 50 and 100 EUR - or upon request with an amount of your choice.
- *Shell Prepaid Card for fuel only:* Use this card to pay for fuel at Shell stations. Values: 25 or 100 EUR, or upon request with an amount of your choice.

- Card case as a packaging; You want to hand over the Shell Prepaid Card in a suitable package - you order the card case made of strong cardboard for each card equal to - so you will receive an exclusive package for handing over the card.

TRANSPORTATION

APPLICATION DESCRIPTION

Prepaid transportation cards are used to replace regular tickets and passes for public transport, e.g. buses, underground and trains. Cards are loaded with funds that can be redeemed without the need to obtain a paper ticket. Funds are deducted by “checking in” at a journey starting point and “checking out” at the destination, ensuring correct fair fees and reducing cash handling costs. Transportation cards also allow for improved travel statistics, allowing transportation companies to optimize their service offering based on travel pattern data.

BENEFITS DELIVERED

Prepaid application	Benefits provided
Transportation	<ul style="list-style-type: none"> ▪ Cost reduction ▪ Reduced cash handling ▪ Improved tracking and reporting allows for better route planning ▪ Increased efficiency for ticket handling

MARKET SIZING

Prepaid application	DACH market opportunity 2011 (EUR million card load value)	Expected annual growth 2012-2016	Closed/restricted loop share of opportunity
Transportation	4 603.8	10-15%	100%

Country opportunity (EUR million card load value)	Germany	Austria	Switzerland	Total
Transportation	3 426.0	610.6	567.2	5 241.9

COMPETITIVE LANDSCAPE

Prepaid application	Competition level	Product life cycle	Substitutes
Transportation	Medium	Introduction	Cash, debit/credit cards

DRIVERS AND INHIBITORS TO GROWTH

Application	Growth driving factors	Growth inhibiting factors
Transportation	<ul style="list-style-type: none"> ▪ Contactless technology ▪ One card useable across multiple transport modes 	<ul style="list-style-type: none"> ▪ Cost of infrastructure ▪ Complicated sales process ▪ Limited number of customer cases

ÖBB VORTEILSCARD

Website: http://www.oebb.at/en/Reduction_cards/VORTEILScard/index.jsp

Overview: Travel fast, comfortably and, above all, at least 45 % cheaper by rail. If you purchase your tickets on the Internet or at a ticket vending machine, you will get even 50 % reduction! No matter where to in Austria and independent of the train type or travel class (with the exception of the Transport Associations' tariffs in the federal states). As VORTEILScard holder, you can also get particularly good value tickets for travels through many other European countries.

Image:



Issued by: card complete Service Bank AG

Target audience: Consumer and business travelers in Austria

Features:

- VORTEILScard payment function: Upgrade your VORTEILScard free of charge with the payment function to allow you to pay your ÖBB tickets with your VORTEILScard.
- Save when travelling by rail: Get 25 % reduction with RAILPLUS for cross-border international rail travels, extra cheap global prices with the SparSchiene offer, reductions for sleeper cabins as well as 60 % reduction for travels to events with the EVENTticket.
- With the VORTEILScard you're always mobile. And you pay less: Make use of Haus-Haus-Gepäck PLUS, ÖBB's baggage service at budget price and reduced tariffs with DENZEL Mobility CarSharing.
- Your travel advantages with the VORTEILScard: In the station ticket offices "Reisebüros am Bahnhof" you already get a reduction when you book your trip. VORTEILScard holders get special conditions with Rail Tours Austria and for many nostalgia offers.
- Travel to the airport at reduced fares: Take one of the comfortable and low priced shuttle busses of the ÖBB VIENNA AIRPORTLINES to the Airport Vienna Schwechat. Also on the City Airport Train, VORTEILScard holders can travel at a special price.
- Club & Bonus Program: The ÖBB frequent traveler program offers you an easy way to save money: when purchasing rail services you collect points (1 Euro = 1 bonus point) and already get the first benefits starting from the 101st point you collected.
- The card also comes in a MasterCard credit card variant.

Fees:

Issuing fee VC/ÖC with payment function:

- Classic: 99,90 Euro
- Senior: 26,90 Euro

- Familie and Jugend <26: 19,90 Euro

Issuing fee VC MasterCard:

- Classic: 107,90 Euro
- Senior: 34,90 Euro
- Familie and Jugend <26: 27,90 Euro

The VC/ÖC with payment function is valid for one year, the VC MasterCard for three years. The purchase limit can be defined individually up to a maximum of 750,- Euro for the VC/ÖC with payment function and 2.200,- Euro a month for the VC MasterCard.

Other: More than 1,500,000 VORTEILScard cardholders.

REMITTANCE

APPLICATION DESCRIPTION

Prepaid cards used to transfer money internationally. The primary group is ethnic minorities who have come from abroad and have relatives back home who they want to send money to. The users of these cards are often underbanked, and the cards serve as an alternative to using informal channels such as sending cash with couriers or hawala agents, or expensive money transfer services such as Western Union.

BENEFITS DELIVERED

Prepaid application	Benefits provided
Remittance	<ul style="list-style-type: none"> ▪ Fast and secure way to send money internationally ▪ Lower cost than banking remittance ▪ More transparent than money transfer services ▪ Allows recipient to partake in non-cash payments

MARKET SIZING

Prepaid application	DACH market opportunity 2011 (EUR million card load value)	Expected annual growth 2012-2016	Closed/restricted loop share of opportunity
Remittance	2 927.8	10-15%	0%

Country opportunity (EUR million card load value)	Germany	Austria	Switzerland	Total
Remittance	1 200.8	251.8	1 475.2	2 927.8

COMPETITIVE LANDSCAPE

Prepaid application	Competition level	Product life cycle	Substitutes
Remittance	Low	Introduction	Cash, international money transfer agents, hawala, bank transfers

DRIVERS AND INHIBITORS TO GROWTH

Application	Growth driving factors	Growth inhibiting factors
Remittance	<ul style="list-style-type: none"> ▪ Lower costs for consumer compared to substitutes ▪ Large outward remittance flow 	<ul style="list-style-type: none"> ▪ Competition from formal and informal channels ▪ Limited customer awareness ▪ Strict regulations

MONEYBOOKERS MASTERCARD

Website: <http://www.moneybookers.com/ads/mastercard/>

Overview: The Moneybookers MasterCard® card is a reloadable prepaid card which is a great way to stay on top of your spending. The card's balance is linked to your Moneybookers account balance, just like a debit card is linked to the funds on a bank account. To use it, just upload funds to your Moneybookers account and pay as you go everywhere MasterCard cards are accepted.

Image:



Issued by: Moneybookers Ltd.

Target audience: EU residents. You can use your prepaid MasterCard to shop online, to pay in stores or restaurants and to withdraw cash at over 1.5 million ATM's worldwide. The card is great to share money with family, for travelling or just to manage your budget better. Also, the card gives you instant access to all the money you receive on your Moneybookers account.

Features:

- No bank account needed
- No credit check
- No tie-ins or monthly fees
- No overdraft or late payments

The FREE Moneybookers account, that comes with your card, offers you:

- Low-cost international money transfers: send and receive money in over 200 countries and territories worldwide for only €0.50
- Pay online at over 70,000 online shops and use anywhere the MasterCard Acceptance Mark is displayed without revealing your financial details
- Access to get great deals offered exclusively to Moneybookers customers

You can use your Moneybookers eWallet to pay safely at over 70,000 online shops, using just your email address and password. Your payment details are stored at one secure place and will not be shared with the shops you buy from, meaning more convenience, security and better data protection for you!

With your Moneybookers eWallet you can also transfer money cheaply, securely and conveniently to friends and family or to your own bank account abroad. Thanks to our large payment network, you can also receive money on your Moneybookers eWallet from more than 200 countries and territories and in over 41 currencies.

Fees:

- Purchasing fee: FREE
- Bank transfer top-up: FREE
- Receiving cash: FREE
- Balance enquiry:FREE
- Online statement: FREE
- PIN re-issue: FREE
- Foreign exchange: 1.99%
- Cash withdrawal: EUR 1.80
- Annual card membership: EUR 10.00

Other:

- Purchasing limit per day: EUR 1,000
- Cash withdrawal limit per day: EUR 250

REIMBURSEMENT

APPLICATION DESCRIPTION

Reimbursement cards are used to pay out funds to customers when they are eligible, including insurance claim fulfillment and airline cancellations. Reimbursement can be issued quickly and the card can then be used in a variety of outlets to purchase replacement goods. Customers benefit through the convenience of having easy access to funds through a prepaid card which can then be used to purchase the requirement items. Cards can be without usage restrictions (open loop), but the stronger business case lies in restricting card redemption to select partner retailers; where the reimbursing company earns a commission payment from the retailers, equivalent to a percentage of all purchases using the card.

BENEFITS DELIVERED

Prepaid application	Benefits provided
Reimbursement	<ul style="list-style-type: none"> ▪ Cost reductions in administering reimbursements ▪ Opportunities for cooperation with redemption partners ▪ Greater flexibility for recipient compared to vouchers ▪ Improved reporting and reduced fraud ▪ Breakage

MARKET SIZING

Prepaid application	DACH market opportunity 2011 (EUR million card load value)	Expected annual growth 2012-2016	Closed/restricted loop share of opportunity
Reimbursement	222.8	5-10%	40%

Country opportunity (EUR million card load value)	Germany	Austria	Switzerland	Total
Reimbursement	171.3	16.4	35.1	222.8

COMPETITIVE LANDSCAPE

Prepaid application	Competition level	Product life cycle	Substitutes
Reimbursement	Low	Introduction	Cash, check, credit transfer

DRIVERS AND INHIBITORS TO GROWTH

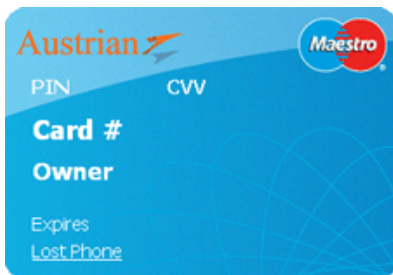
Application	Growth driving factors	Growth inhibiting factors
Reimbursement	<ul style="list-style-type: none"> ▪ Successful existing projects in airline industry 	<ul style="list-style-type: none"> ▪ Uneducated market ▪ Legacy systems

AUSTRIAN AIRLINES CARD

Website: <http://www.austrian.com/Info/TermsConditions/AustrianPrepaidCard.aspx>

Overview: Since 2006 the Austrian Prepaid Card is replacing the cash payments that used to be handed out as compensation for passengers in the international flight traffic. The card is a Maestro prepaid card. The passengers are able to use the card already 15 min. after receipt for payments or cash withdrawals.

Image:



Issued by: PayLife Bank GmbH

Target audience: Austrian Airlines customers

Features: Where overbookings or flight cancellations occur, cash payments to passengers will now be rendered in form of a prepaid card charged with the relevant amount.

This prepaid card, which will be presented to passengers at the ticket desk along with a PIN code, will work in the same way as a Maestro ATM card. Once activated by Austrian Airlines, customers will be able to use the card to withdraw cash at 950,000 ATM machines around the world or make direct payments in seven million merchant outlets.

You can view your recent transactions and remaining balance online.

Fees:

- Two free cash withdrawals. For each additional withdrawal, the fee is EUR 3.
- Five free POS transactions. For each additional POS transactions, the fee is EUR 0.50
- Per balance/transaction log query - EUR 0.25.
- Online balance/transaction log query is free of charge.
- Transfer of remaining funds - EUR 2,00

Other: Depending on the size of the compensation payment, cards can be charged as required with any amount from €10 to €1200. The card is valid for six months. Thereafter, it may be returned to Paylife for de-loading and transfer of any remaining balance for a period of two years. Balance enquiries can be made by telephone and internet.

GENERAL PURPOSE RELOADABLE

APPLICATION DESCRIPTION

General Purpose Reloadable (GPR) is a broad category of open loop prepaid products. GPR can encompass FX & Travel cards, Remittance cards, Payroll cards, universal network branded gift cards etc., which are detailed elsewhere in this report. For this purpose, we limit GPR cards to prepaid cards used as substitutes for other financial cards, by the parts of the population that do not qualify for, or who choose not to use a debit or credit card. These can be low-income groups, the indebted, people suspicious of banks etc.

BENEFITS DELIVERED

Prepaid application	Benefits provided
General purpose reloadable	<ul style="list-style-type: none"> Allows recipient to partake in non-cash payments Alternative to debit and credit cards

MARKET SIZING

Prepaid application	DACH market opportunity 2011 (EUR million card load value)	Expected annual growth 2012-2016	Closed/restricted loop share of opportunity
General purpose reloadable	1 752.7	15-20%	0%

Country opportunity (EUR million card load value)	Germany	Austria	Switzerland	Total
General purpose reloadable	1 438.3	137.2	177.2	1 752.7

COMPETITIVE LANDSCAPE

Prepaid application	Competition level	Product life cycle	Substitutes
General purpose reloadable	High	Growth	Cash, debit cards

DRIVERS AND INHIBITORS TO GROWTH

Application	Growth driving factors	Growth inhibiting factors
General purpose reloadable	<ul style="list-style-type: none"> Flexible platform – can be customized to program needs Increased merchant acceptance Youth market Increased awareness due to large number of brands competing for customer attention 	<ul style="list-style-type: none"> Competition from debit cards Preference for cash (Germany) Fee-based programs, many with high annual fees Perception as “poor man’s credit card”

GENERAL PURPOSE RELOADABLE – SAMPLE PROGRAM

KALIXA CARD

Website: <http://www.kalixa.com>

Overview: Kalixa is a combined prepaid MasterCard® and eAccount (e-money account) that lets you shop securely online, on the high street and over the phone. Your Kalixa Card can be used all around the world – wherever the MasterCard acceptance mark is displayed – both to shop and withdraw cash from ATMs.

You can use your Kalixa Card just like a credit or debit card, but because it's a prepaid card, there's no chance of going into debt (like with a credit card), or giving fraudsters direct access to your bank account (like with a debit card).

Image:



Issued by: Vincento Payment Solutions Ltd

Target audience: Consumers and businesses (SMEs)

Features:

- Shop in-store, online & over the phone - Look for the MasterCard acceptance mark
- Manage your day-to-day finances - It's Pay As You Go – spend what you load
- It's Chip & PIN enabled - Reduces fraud and keeps your money safe
- Ideal for business expenses - Keep all your expenses together
- Withdraw cash - From over 1.2 million ATMs worldwide
- Perfect when travelling abroad - No more cash or travelers' cheques

Fees:

Usage fees:

- | | |
|----------------------------|-------|
| • Registration/Card Fee | €4.95 |
| • Card Transaction Fee | Free |
| • eAccount Transaction Fee | Free |
| • Monthly Fee | Free |
| • Annual Fee | Free |
| • Foreign Exchange Fees | Free |
| • Domestic ATM Fee | €1.75 |
| • International ATM Fee | €2.25 |

- Card Renewal Fee Free for active cardholders

Loading fees:

- Internet Banking Free
- Cash Deposit Free
- Standing Order Free
- Visa or MasterCard 1.75%
- ClickandBuy 5.00%
- Moneybookers 3.50% (minimum charge €1)
- Giropay 1.95% (minimum charge €1)

Other:

Limits:

- Maximum Daily Transaction None
- Maximum 24hr ATM Withdrawal €300
- Maximum Daily Load €3000
- Maximum Weekly Load €3000
- Maximum Card Value €9000



GLOBAL BEST PRACTICE PROGRAMS

The following programs have all been finalists or won awards for prepaid products worldwide in the Prepaid Awards in 2009 and 2010. Hence they may serve as a source of inspiration or guiding light to other prepaid programs.

FAIRFX ANYWHERE CARD (UK)

The FairFX Anywhere GBP currency card was the latest addition to the FairFX Currency Card portfolio. The standout characteristics of this card are zero loading fees, zero ATM fees, zero exchange rate fees and zero cross border fees. In addition, the card has zero margin FX rates – FairFX operate with zero margin FX rates on the Anywhere Card delivering optimum FX rates to end consumers.

The launch was aimed at increasing the FairFX customer base and increasing the choices available to consumers. The launch provided the FairFX team with the opportunity to introduce and reinforce additional benefits available to consumers, such as zero cross border fees on existing USD and EURO cards and free cards which coupled with the excellent FX rates resulted in not only achieving those objectives handsomely but also increasing the visibility, attractiveness and desirability in both consumer and corporate circles.

The bottom line is that the program has benefitted from the addition of the FairFX Anywhere Card with increased acquisition, usage and retention and therefore overall profitability, establishing FairFX as one of the leading prepaid card program across the country. Consumers have benefited as FairFX prepaid currency cards deliver on the prepaid promise of enabling access, convenience, safety, security and privacy as well as staying true to the core FairFX business proposition of delivering excellent FX rates to all travelers.

NORDEA – MUNICIPALITY CARD SUITE (NORWAY)

The Municipality Card Suite is a unique two-card solution that allows Norwegian municipalities to make disbursements to social claimants, asylum seekers and schools in an efficient and user-friendly manner. The benefits include cost reductions, more efficient procedures, less stigma for social claimants, and the replacement of cash storages in a wide range of locations, from schools to social security offices.

KontantKortet is a single use card for disbursing cash in a very efficient and non-stigmatizing way, requiring simply inserting the card into a Nordea ATM to get cash out – without PIN or any ATM instructions. KontoKortet is an open-loop, re-loadable card with a broader target audience and more advanced features, enabling greater control for municipalities and cardholders, who can participate in the payment system with all the benefits associated with cards. The cards can be offered independently or as a unique combination.

The program has been implemented in 28 municipalities, whereas Oslo alone has 15 social security centers. In two years of operation, 100,000 Kontantkortet cards have been issued, and another 100,000 have recently been commissioned. The newcomer Kontokortet has seen even faster take-up, with 10,000 cards issued in just two months, and another 10,000 currently in production.

Nordea is the largest bank in the Nordic region and invented the first Nordic government prepaid card program with KontantKortet in 2007, and the bank continues to develop new prepaid solutions. In the future, we could see the Municipality Card Suite expanding to cover areas such as small value remittances, and a corporate incentive program piloted internally in the bank.

SAINSBURY'S MEAL TICKET (UK)

The Sainsbury's Meal Ticket was a brand new product in the UK. It launched in August 2008 and is the first of its kind in the prepaid industry. It is targeted at students and their parents, created to offer a solution for parents buying food for their student children during their time away from home at university.

It comes in two card parts – one for a student to use in store to buy groceries and non food essentials and one for a parent to keep to reload the student's card. It's used in the following way: Parents take the Meal Ticket to a checkout, credit it with the initial desired amount, from £1 up to £750, keep the top part and give the bottom card to the student. Parents can reload the card at any time. The student receiving the Meal Ticket can spend all the money on the card or just a small amount.

The Meal Ticket can be found in all Sainsbury's supermarkets in the Gift Card Category on an End Plinth Unit in stores. The Meal Ticket is an example of how Sainsbury's is providing its customers with cutting edge shopping and gifting facilities.

STARBUCKS CARD (US)

Starbucks Card is the simple, easy way to pay for anything in a Starbucks coffee store. The Card is handier than cash, as there's no more searching for change when you pop in for your morning latte and muffin. It's accepted around the world including USA, Canada, Australia, Thailand, Hong Kong, Mexico and Republic of Ireland, so ideal for the frequent traveller.

In 2009, Starbucks launched a loyalty program that allows customers to enjoy rewards every day from Starbucks. Once a card is registered, customers can benefit from free extra shots of espresso, flavored syrups and soya milk along with free Wi-Fi. Customers also receive the latest news and product offers as part of the Starbucks Rewards program.

Starbucks Card is linked to cause related marketing through the partnership with (RED). With a (Starbucks) RED Card customers are able to choose to give their Rewards to The Global Fund with 5p/5c from every customer transaction going to the fund.

Most recently the Starbucks Card has expanded outside of the Starbucks environment into the B2B and gift card channels. The Starbucks Card is an excellent choice to motivate, reward and appreciate the people around you. It's a great way to build enthusiasm, encourage loyalty and show your customers and employees how important they are to you and your business. The Starbucks Card is also available to purchase on-line and customers are able to use the top-up facility to ensure their Starbucks Card is always ready to go.

Starbucks Card feature summary:

- fast and convenient
- handier than cash
- rewards loyalty
- accepted in stores around the world
- does not expire
- can be reloaded in store or on line
- supports cause related charities

TEMPUR RETAIL SALES CARD (UK)

Tempur UK Ltd manufactures pressure relieving mattresses and pillows. They were first introduced in the Health Care Sector to prevent pressure sores and relieve back pain. It is within the retailer sales channel that Tempur incentivize the staff to sell their products ahead of their competitors.

Tempur were looking for a secure and modern reward program. Each of the retailer sales staff was issued with their own Tempur-branded, personalized MasterCard. For every Tempur product they sell to customers, they receive a commission from Tempur which is paid directly on to their own card. Card loads are carried out every quarter. Once loaded they can spend the value of their card at any outlet that accepts MasterCard worldwide.

The card was created by Branded Payment Solutions on behalf of Tempur in order to facilitate the reward scheme by providing an efficient and cost effective incentive program. The card scheme provided a valuable alternative to high street vouchers to incentivize the retailer sales staff.

Branded Payment Solutions issued Tempur's branded card to the retailer staff in January 2009. The staff not only received their card but also their previous quarter's commission already loaded on to the card meaning they were able to start the using the card instantly.

Tempur incentivize approximately 1,000 retailer sales staff across the UK. They are typically male aged 24 – 45 years old. Many have worked within the bed/furniture retail industry for many years. It is also not uncommon for staff to move from one retailer to another.

PREPAID TERMINOLOGY

BIN Sponsor: Issuing an open loop program requires a company with a payment network license (Visa, MasterCard etc.) to provide a BIN (Bank Identification Number). BIN numbers are specific both for the bank and the type of card e.g. Prepaid, Credit, Debit. The BIN number also needs to be 'set up' by the scheme in conjunction with the processor for issuing of cards. Not all prepaid cards use a complete BIN number. Many BINs will be split down into sub BINs or BIN Ranges to enable multiple prepaid card programs to be run on a single BIN but for different partners.

Card Producer/Manufacturer: The company who manufactures and, if required, personalizes the card by encoding it with data embedded in the magnetic stripe or chip during that is unique to the card and is required to facilitate a transaction.

Closed Loop: Cards issued by a single corporate entity which can only be redeemed within that entity, such as retail gift cards or within a series of entities who have agreed to take the card (so-called restricted loop).

Distributor: A company that manages the commercial relationships, physical transactions and physical distribution of prepaid cards sold in a "Destination Retailer" through a "Gift Card Mall" on behalf of issuers.

Issuer: An institution such as a retailer, bank or government department that bears the economic and legal responsibility, liability and risk for a prepaid or stored value product.

Merchant: A business engaged in the trade of retail goods and/or services, physical or on-line (or both).

Open Loop: A prepaid product branded with a payment network scheme, e.g. American Express, Visa, MasterCard, Discover and Japan Credit Bureau (JCB). The card can be accepted as payment by any "Merchant" with a card acceptance agreement with the relevant network.

Prepaid Processor: Service provider that manages the processes and transactions between issuers, merchants and consumers of a prepaid product.

Prepaid Product: Any device that can be loaded with monetary value in advance of the time when it will be converted into goods and/or services.

Prepaid Program: The set of activities required to issue a "Prepaid Product". This might include strategy, proposition, technology management, marketing, legal compliance, distribution, reporting and development.

Program Manager: The entity responsible for managing the core attributes of a "Prepaid Program". They can either manage for other companies, or be in responsible for issuing their own prepaid product. For MasterCard they are required to have an ISO MSP license in order to be a program manager.