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Daily Payment Card News

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MONDAY, MARCH 9, 2009 - USER ID: monday PASSWORD: sunbiz125

TODAYS HEADLINES:

1. Despite Economy Prepaid Market is Robust
2. January Revolving Credit Ramps-Up a Skosh
3. Alternative Payments Gain Traction in 08
4. Overall Credit Delinquency Inches Northward
5. Credit Crunch Affects the Good Credits
6. CPI Card Group Offers OSCAR Technology
7. Heartland Breach Draws Another Lawsuit
8. AMCORE Bank and NYCE Network Ink a Deal
9. Galileo Processing Analytics is Unveiled
10. NBPCA White Paper Addresses Prepaid Cards
11. APWG Offers a Phishing Guide for Webmasters
12. POSPaper.com Grabs Leading Provider Position

UNDERBANKED

Nearly 70% of industry executives believe that 2009 growth in the general purpose reloadable card market will equal or exceed growth levels in 2008. The Center for Financial Services Innovation says 80% of prepaid industry executives see underbanked consumers as important or very important to the future growth of the prepaid industry. The paper is the first in a series of CFSI research efforts to further understand how underbanked consumers use the product to meet their financial services needs. In early April, CFSI will release its next prepaid paper, which features in-depth one-on-one interviews with underbanked consumers to better understand the impact that these new products and services are having on consumers' money management practices and long-term financial well-being.

JAN DEBT

Consumer revolving credit, mostly credit card debt,

reversed its course and picked up in January, after three consecutive monthly declines. Americans added \$900 million to total consumer revolving credit in January after peaking at \$976.8 billion in October. Lower credit limits, reduced personal income and higher credit card interest rates offset by holiday carry-over appear to be contributing factors to the sluggish growth. Revolving credit now stands at \$961.3 billion in January and growing at an 1.2% annual rate. In December, revolving credit dipped by \$7.7 billion reflecting an annual contraction ratio of 9.5%, according to data released by the Federal Reserve. Bank credit card debt (excluding store and gas credit cards) at the end of the fourth quarter was about \$817 billion or roughly 85% of total revolving credit, according to CardData (www.carddata.com). Store and gas credit cards had about \$100 billion in outstandings at year-end 2008. At the end of January, Americans were \$2564 billion in debt, excluding home mortgages.

	REVOLVING CREDIT HISTORICAL (\$billions)					
	Jan 09	Dec 08	Nov 08	Oct 08	Sep 08	Aug 08
GRWTH:	1.2%	-9.5	-7.1	-0.1	4.5	2.5
\$OWED:	\$961.3	960.4	968.1	976.8	976.7	973.8

Source: Federal Reserve; revised figures as of 3/6/09;
For complete historical data, visit CardData (www.carddata.com)

I-PAYMENTS STATUS

Despite the economic challenges of the past year, e-commerce has maintained its position as a growing market space and area of opportunity for a broad range of alternative payments products. A few alternative payments "veter-

ans” have managed to gain traction in the e-commerce segment, while a number of new players have also appeared to challenge traditional payments methods. First Annapolis reevaluated the acceptance penetration of traditional and emerging payment products among the top 50 internet retailers and 27 leading internet travel companies. Findings: Alternative payments displayed an increase in acceptance over the past year with 39% (versus 33% in 2007) of merchants accepting at least one alternative payment product (defined as PayPal, Bill Me Later, Google Checkout, Amazon Payments, and e-Check/ACH products); PayPal and Bill Me Later (both now product offerings of Ebay) have the highest acceptance rates among alternative payment products at 27% and 26%, respectively; PayPal gained significant traction in the travel segment in 2008 with the addition five new air carriers; several new alternative payments players, including Moneta, RevolutionCard, and eBillMe, secured acceptance among the top retail and travel e-commerce merchants reviewed; DDA-account based products (e.g., e-Check, ACH, PIN-Less Debit) continue to have limited penetration among large Internet merchants (with the exception of signature debit). These findings illustrate the growing willingness of e-commerce merchants to accept alternative payments, as well as new alternative payments companies’ recognition of the opportunity that exists in the ecommerce segment.

DELINQUENCY RATIOS

TransUnion reports that average bankcard borrower debt inched upward nationally 33 basis points to \$5,729 from the previous quarter’s \$5,710, and 1.96% compared to the fourth quarter of 2007. The highest state average bankcard debt was in Alaska at \$7,466, followed by Nevada at \$6,638 and Tennessee at \$6,560. The lowest average bankcard debt was found in Iowa (\$4,267), followed by North Dakota (\$4,414) and West Virginia (\$4,555). Nationally, the bankcard delinquency rate increased to 1.21% in the fourth quarter of 2008, up 11% over the previous quarter. Incidence of delinquency was highest in Nevada (2.04%), followed closely by Florida (1.71%) and Arizona (1.54%). The lowest bank card delinquency incidence rates were found in Alaska (0.57%), North Dakota (0.70%) and Vermont (0.75%).

CREDIT SCORES

A new study has found that consumers considered safe lending risks a year ago are finding it more difficult to borrow now, despite their qualifying credit scores. CareOne Services found that a 15% increase in overall inquiries from a year ago; a nearly 7% jump in the number of consumers with credit scores in the 650 to 750 range calling for financial help or to start structured repayment plans; and a small but significant 2% increase in inquiries from consumers with annual incomes of more than \$50,000. In January, Care-

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CardWeb.com has searched through the archives and researched the 'Movers and Shakers' of the card industry and organized them into one easy to navigate service. Over 600 bio's online.

c a r d e x e c s . c o m



One handled nearly 65,000 inquiries from consumers who are seeking advice and assistance to get a better handle on their finances. This is a 15% increase from a year ago, and the volume of inquiries is not projected to decrease.

CPI OSCAR

CPI Card Group introduces “OSCAR” to the card marketplace. It is the state-of-the-art digital print and color management system that delivers the most brilliantly printed cards in the industry. CPI says “OSCAR” will set the new industry standard for turnaround times. “OSCAR” generates a proof that is a for-color match; this includes both process-printed cards as well as PMS spot colors. “OSCAR” offers the closest approximation to “continuous tone” available in the industry. CPI’s production sites include Denver, Colorado; Fort Wayne, Indiana; Las Vegas, Nevada; Colchester, England; and Liverpool, England.

IN OTHER NEWS THIS MORNING...

Glancy Binkow & Goldberg LLP has filed a class action lawsuit against Heartland Payment Systems over its recent security breach . . . IL-based AMCORE Bank has named the NYCE Network its exclusive provider if both PIN debit and ATM card access . . . Salt Lake City-based Galileo Processing has introduced “Galileo Analytics” . . . The Network Branded Prepaid Card Association released a White Paper entitled “Abandoned Property Laws and Network Branded Prepaid Cards: Questions and Concerns Raised When Trying to Fit Cards into the Existing Abandoned Property Legal Framework” that addresses unused funds remaining on some cards . . . APWG announced the availability of comprehensive reference guide that helps webmasters as well as website owners and operators who suspect or discover that their web site is being used to host a phishing site . . . FL-based POSPaper.com offers credit card supplies, ATM paper, sales slips, credit card imprinters, printer ribbons, and more, is among the leading distributors of thermal printing paper used by several industries and state and local municipalities.

INTERNATIONAL NEWS: Posted to CardFlash International Today: (UNITED KINGDOM) TSB Launches the Acorn Prepaid MasterCard; (UNITED KINGDOM) Bill Thomson Joins Payzone as Managing Director; (ITALY) LaserCard Expands Optical Memory Card Deal; (PERU) NovoPayment Has Teamed with Interbank Group; plus several other international stories. To add CardFlash International to your service and access more than 7,000 international news items published weekly in CardFlash International since 2003, visit <http://www.cardflashinternational.com>.

ANNIVERSARY NEWS: PUBLISHED IN CARDFLASH ONE-YEAR AGO: A new report suggests that about one-third of cardholders are interested in decoupled . . . PUBLISHED IN CARDFLASH FIVE YEARS AGO: MBNA withdraws a new affinity card issued with NYC-based “The Bravest . . . PUBLISHED IN CARDFLASH TEN YEARS AGO: The offered card interest rate and other price-related features continues to be the dominant pull for new accounts according to . . . To add the CardFlash Library to your service and access more than 40,000 news items published daily in CardFlash since 1995, visit <http://www.cardflash.com>.

U.S. FINANCIAL SURVEILLANCE: Posted to CardData Today: January Revolving Credit. To add the CardData(R) online financial surveillance service to your service and access more than 100,000 data fields, visit <http://www.carddata.com>.

U.S. MARKETING INTELLIGENCE: Posted to CardWatch Today: CARDHOLDER COMMUNICATIONS - Chase “Write a check now. Pay it off later.” and Chase “Protect yourself from unforeseen expenses.” To add the CardWatch(R) online marketing intelligence service to your service and access more than 10,000 documents, visit <http://www.cardwatch.com>.

MOVERS & SHAKERS: Posted to CardExecs Today: Paul Smith - SVP, Sales and Business Development, eCommLink and Gautam Bose - Managing Director, Analytics, Profit Technologies. To add the CardExecs(TM) database service of payment card industry executives and professionals to your service and access more than 3,000 biographies, visit <http://www.cardexecs.com>.

FORM & FUNCTION: Posted to CardPixes Today: Visa - One Debit Visa and Disney - A Taste of Magic Gift Card. To add the CardPixes(TM) database service of payment card designs to your service and access more than 4,000 graphics, visit <http://www.cardpixes.com>

PAYMENT CARD STOCK INDEX: VISA \$50.19 (-6.08%); MasterCard \$142.44 (-4.90%); American Express \$10.26 (-46.92%); and Discover \$4.95 (-47.95%). Friday’s closing prices versus 01/02/09 close. For current and past stock performance visit CardWeb.com’s stock index in CardData (www.carddata.com).