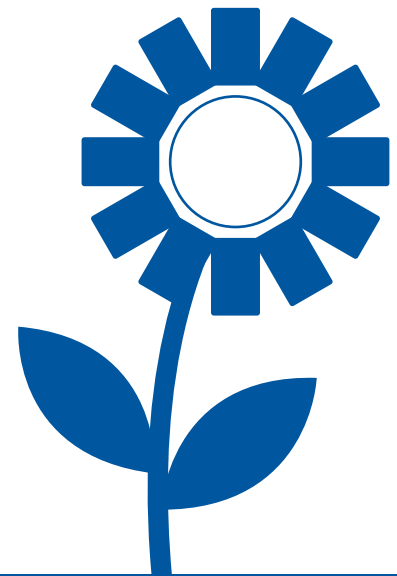
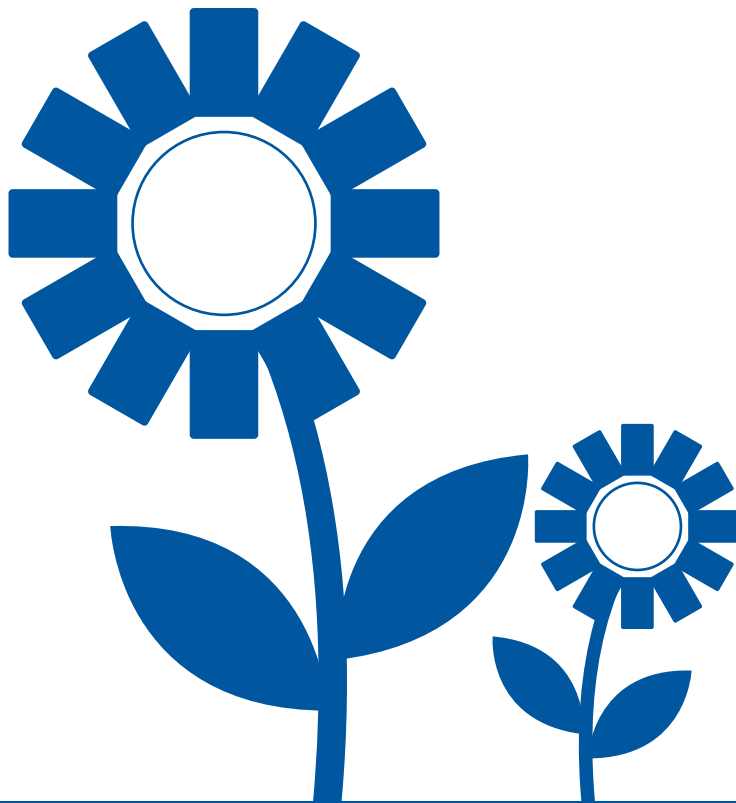




Welcome to the Spring edition
of V PAY Today



V PAY Today

Issue 4: Spring 2009

In this issue:

- The roll-out accelerates
- Six million terminals... and counting
- 2009: on target for 12 million cards
- Tangible business value from V PAY
- More member engagement
- Flexibility. Functionality. Freedom.



The roll-out accelerates



We have reached a very exciting phase in the pan-European roll out of V PAY.

Just a few months ago, I was talking about commitments to V PAY. Now I am talking about actual card numbers, and my calendar for the rest of 2009 and beyond is marked out with a consistent series of new launches.

In this issue of V PAY Today, we bring you news of launches in Austria, Bulgaria and Italy. From here on in, attention is set to shift to Germany, where we can confidently predict a surge of activity. In fact, during 2009, we expect 12 million cards to be issued, and ten million of these will go to German consumers.

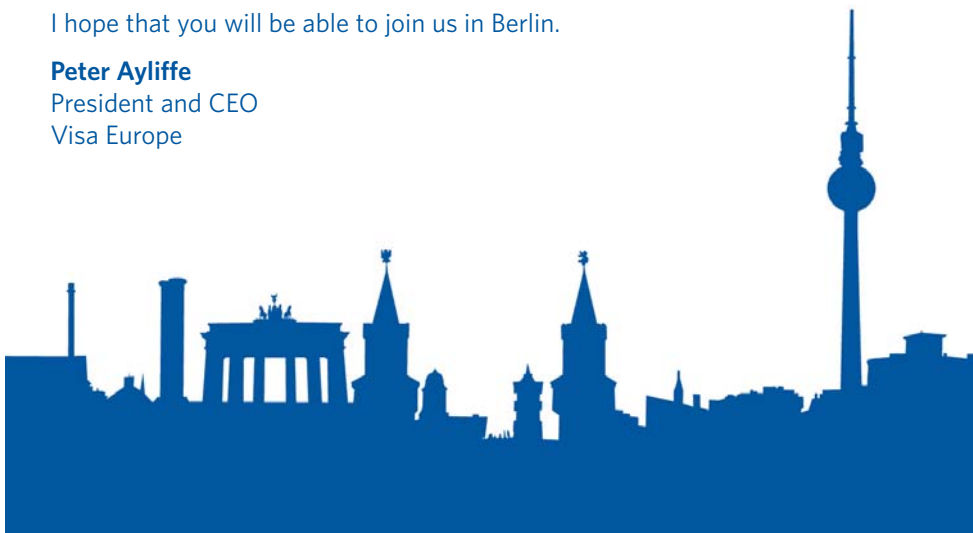
As I travel around Europe I can also see for myself that V PAY is becoming more and more visible. From the big business and tourism hubs like Paris, Milan or Brussels, to merchants and ATMs in provincial towns across Europe, the V PAY logo is clearly displayed.

If you are interested in finding out more, the next big opportunity is Insights 09, the Visa Europe Member Meeting which will be held in Berlin on 23-24 April 2009.

Clearly, V PAY will be a major theme for the event. As well as bringing you the latest status from around Europe, we will be hosting presentations from several V PAY issuers. They will tell you about the business benefits, and you will have a chance to ask them about their experience.

I hope that you will be able to join us in Berlin.

Peter Ayliffe
President and CEO
Visa Europe



“From here on in, attention is set to shift to Germany, where we can confidently predict a surge of activity. In fact, during 2009, we expect 12 million cards to be issued, and ten million of these will go to German consumers”

Peter Ayliffe, President and CEO, Visa Europe

Contents

- The roll-out accelerates
[Page 2 >](#)
- Six million terminals... and counting
[Page 3 >](#)
- 2009: on target for 12 million cards



[Page 3 >](#)

- Tangible business value from V PAY
[Page 4 >](#)
- More member engagement



[Page 5 >](#)

- Flexibility. Functionality. Freedom.
[Page 6 >](#)
- About V PAY
[Page 7 >](#)

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Six million terminals... and counting

Thanks to the support from the European acquiring community, issuers and their cardholders can be sure that V PAY is now widely accepted and recognised right across Europe.

By the start of 2009, the number of POS terminals accepting V PAY had climbed to more than six million - with V PAY decals on display at some 4.3 million of these terminals.

We have also put increased focus on developing V PAY acceptance at ATMs. As a result, V PAY acceptance has now been achieved at more than 90 per cent of ATMs in the Visa Europe region - with half of these ATMs already displaying V PAY decals.

To build on this progress, the Visa Europe board of directors has agreed to an important new requirement. As of July 2009, all Visa Europe ATM acquirers must be able to process V PAY transactions, and from this time, any newly placed ATMs must also display the V PAY logo.

By the end of 2009, we therefore anticipate that V PAY will be accepted at 99 per cent of EMV chip ATMs. And, by the end of 2010, every EMV chip ATM in the entire region that displays a Visa acceptance mark should also display the V PAY logo.



2009: on target for 12 million cards

More and more banks are turning their V PAY commitments into V PAY cards.

Despite the challenging economic circumstances, banks across Europe are moving ahead with their V PAY launch programmes. By the end of 2008, well over one million cards had been issued. And, by the end of 2009, it is expected that more than 12 million people will be using V PAY cards to manage their everyday spending.

More than half of these new V PAY cards (some ten million of them) will be issued in Germany, with the remaining ones being issued in countries such as Bulgaria, France and, of course, Italy.

Looking a little further into the future, the total level of commitments now exceeds 41 million cards from 40 banks in nine countries.

Italy

In Italy, three more banks have launched their V PAY programmes. This means that six Italian banks are now issuing V PAY - and more than one million Italian consumers are already experiencing the benefits of Europe's newest debit solution.

• ING Direct



Established in Italy since 2001, ING Direct has now added a current account to its range of savings and mortgage products, and selected V PAY as its debit solution.

Giovanni Ciarlariello, Vice President, Current Accounts, Payment Cards and Operations at ING Direct Italia, explains why V PAY was selected: "ING Direct has built its success on three fundamental principles: simplicity, convenience and security. These same three principles are central to the V PAY proposition so, for us, it's a perfect fit."

He also commends Visa Europe on the level of support provided during the implementation process: "This is the first debit card we have issued in Italy, and Visa Europe provided good technical and operational support. Then, for the marketing and positioning of V PAY we benefited from guidance on best practice."

The bank has ambitious plans for its new current accounts business, hoping to attract more than a quarter of a million customers within the next three years - all of whom will be able to benefit from the security and convenience of V PAY.

Article continues on page 4

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Giovanni Ciarlariello, Vice President, Current Accounts, Payment Cards and Operations, ING Direct Italia



• **Fineco**



FinecoBank, part of Unicredit Group, is the leading direct bank in Italy and the largest online brokerage firm, providing a full set of customer-focused brokerage, banking, credit and investing services to over 860.000 accounts. Through its multimarket platform, it offers a broad range of trading and investing products.

FinecoBank has recently launched V PAY programme. The new cards are being offered to Fineco's new customers and in replacement of the bank's "domestic only" cards which were not SCF compliant. They anticipate to issue more than 100,000 V PAY cards.

• **BPER**



Banca Popolare dell'Emilia Romagna (BPER) is one of Italy's leading banking groups with 1,300 branches across the country.

Through its own Consumer Division, BPER is offering V PAY to all of its current account customers and actively promoting this new product through the branch network and online channels. For example, the new V PAY card features prominently on the home page of the BPERCard website (www.bpercard.it) and also the main BPER website (www.bper.it). By clicking through to the product details, customers are informed of V PAY's benefits including the security, the convenience and the ability to pay, in the same way, right across Europe.

Bulgaria



First Investment Bank (FIB) is the second bank in Bulgaria to launch V PAY (after UniCredit Bulbank).

FIB used its sponsorship of the Ski World Cup Bansko 2009 to publicly announce its plans and raise awareness of V PAY. FIB will begin by issuing V PAY cards to new customers.

Austria



With more than 1.2 million cardholders and an acceptance network of 100,000 merchants, card complete Service Bank AG is one of the leading players in the Austrian bank card sector.

At a high profile press conference in Vienna, card complete outlined its plans for V PAY, positioning it as a secure, convenient, easy to use debit solution, which brings a new level of competition to the Austrian market. As well as offering V PAY debit cards, card complete is one of the first banks to offer V PAY as a prepaid card.

Across Austria, Visa Europe has now received commitments for the issuance of 1.5 million V PAY cards. And, thanks to the partnership with the local acquiring community, V PAY can already be accepted at more than 20,000 POS terminals

In the months ahead, the focus is set to shift to Germany, where some ten million V PAY cards are due to be issued during the course of 2009.

Tangible business value from V PAY



UniCredit case study



Operating across more than 20 European countries UniCredit describes itself as "the first truly European bank".

It was one of the first banks to issue V PAY, and has already equipped more than 750.000 customers in two countries (Italy and Bulgaria) with V PAY cards.

So why did UniCredit choose V PAY? And what benefits is V PAY bringing?

We have worked with UniCredit in Italy to develop a comprehensive V PAY case study. This looks at the rationale for V PAY issuance, the implementation process, the way V PAY is positioned and promoted and – perhaps most important – the benefits it is bringing.

Key success criteria include:

- Not one instance of fraud on any V PAY card
- An extremely positive reaction from customers and employees
- A significant reduction of costs for the management of debit cards
- The ambition to eliminate magnetic stripe data from future debit cards
- Plans to introduce V PAY across the UniCredit Group



If you would like to receive a copy of the case study, please email farinar@visa.com

UniCredit will also be discussing its V PAY programme at Insights 09, the Visa Europe Member Meeting, taking place in Berlin on 23-24 April 2009.

More member engagement

With more than 40 banks across Europe now committed to V PAY – and many more considering their options – Visa Europe has accelerated its programme of member engagement.

Highlights include:

- **Interbancario Europeo Ski Meeting**

V PAY is a sponsor of the Interbancario Europeo Ski Meeting which, this year, took place in Saalbach-Hinterglemm in Austria.



Europe's biggest inter-bank sports event, the competition always attracts more than 1,300 participants from banks in the leading target markets for V PAY (including Austria, Germany, Italy and Switzerland). It is therefore a great opportunity to raise awareness and understanding of Europe's new debit solution among a broad cross section of banking employees.



At this year's event, prominent V PAY signage was on display at both the Alpine and the Nordic skiing arenas, and the V PAY logo also appeared on competitors' bibs. We also hosted a new event, the V PAY Relay Race, which was won by a mixed team of bank employees from Austria.

V PAY has signed a three year agreement with Interbancario. Next year, the competition celebrates its 50th anniversary in Sestriere, Italy, so the level of interest and participation are set to be particularly high.

- **O2 World, Berlin**

As reported in previous issues of V PAY Today, we also have a highly visible presence at Berlin's new sports and entertainment complex, O₂ World.



Here, we have already used the V PAY VIP suite to host several events and meetings, and member banks have been using the facilities for major concerts (such as the recent Coldplay, Tina Turner and Metallica concerts) and sporting events (including Deutsche Eishockey-Liga games).

So, if you are launching or promoting a V PAY programme, your business could benefit. For example, V PAY cardholders or merchants could be given privileged access to shows, concerts and sporting events. There could also be opportunities for exclusive hospitality in the venue's VIP suites. Details of forthcoming events can be found at the O₂ World website www.o2world.de.

Contact your V PAY Relationship Manager for more details.

- **Insights 09**

The next big event for V PAY is Insights 09, the Visa Europe Member Meeting which takes place in Berlin on 23-24 April 2009.

Given the momentum behind V PAY and the location of the meeting, V PAY will be one of the big themes of the meeting. As well as dedicated business and workshop sessions involving V PAY issuers (such as UniCredit, ING Direct and Deutsche Postbank), we will have a V PAY exhibition area with a range of interactive demonstrations – and to experience its ease of use and convenience, all delegates will receive a prepaid V PAY card with contactless functionality from Landesbank Berlin to use in Berlin or across Europe.

This programme of activity demonstrates the level of commitment to V PAY at Visa Europe, and helps to reinforce the V PAY message across the European banking community.

Flexibility. Functionality. Freedom.

One of the big V PAY benefits is its flexibility.

Banks are free to choose how it is implemented, which schemes it co-exists with (if any), how it is processed and the level of functionality it supports.

As just one example, Credito Valtellinese has been able to develop relationships with consumers and merchants alike with its V PAY contactless programme. Other banks are configuring their own V PAY cards in particular ways in order to meet the needs of their respective customers.

• Prepaid V PAY cards

Irrespective of the economic climate, prepaid card programmes represent a significant growth opportunity – and many Visa Europe members have indicated a desire to issue prepaid V PAY cards.

The V PAY attributes of high security, European-only acceptance, and optional e-commerce could bring definite value to those prepaid programmes where control is important and usage is typically local (such as payroll cards, government welfare programmes, and youth products under parental supervision).

The fact that V PAY has no association with credit functionality or a credit brand further strengthens the proposition. V PAY could also be an appropriate option for “closed loop” prepaid programmes, such as university campuses and sports and social clubs, which typically require additional functionality such as identification which can be delivered by chip.

To enable issuers to move ahead with prepaid V PAY cards, Visa Europe has developed a set of pilot operating principles.

• Online shopping options

Issuers are free to choose whether their V PAY cards can be used for transactions over the internet – and the level of security to be deployed.

Some issuers have decided not to permit any online shopping on their V PAY programmes. For example Cortal Consors in Germany offers

a current account package which is bundled together with two payment cards – a Visa credit card and a V PAY debit card.

Therefore, for Cortal Consors, the V PAY card is positioned as a consistent, highly secure way to make everyday and pan-European payments, whereas the companion Visa credit card provides flexible payment terms, online utility and worldwide acceptance.



By comparison, UniCredit Bulbank in Bulgaria offers a secure e-commerce capability on its V PAY programme. All online transactions are authenticated using the 3-D Secure protocol. And, as an additional security measure, cardholders can be notified of transactions through SMS text messages.



At the other end of the scale, Société Générale in France allows e-commerce transactions without any additional authentication. In this instance, the bank is migrating most of its existing domestic-only debit cards to V PAY, and wanted to replicate all of the existing domestic functionality – including e-commerce acceptance.

To build on all of the existing options, Visa Europe has mapped out a clear development path for V PAY. Planned functionality for the future includes secure e-commerce for 19-digit account numbers, mobile top-ups, m-payments and dedicated scripting services, including PIN change.

So, V PAY can help banks to deliver on specific business priorities. It also offers advanced functionality which other debit systems may not be able to support.

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About V PAY

V PAY is Visa Europe's chip-only debit solution. It is designed as a secure, flexible and cost-effective European debit platform that banks can use together with or as an upgrade to their national or proprietary payment schemes, in order to comply with the SEPA Cards Framework (SCF).

Card characteristics: flexibility through technology

- ✓ EMV chip
- ✓ Flexible card design, with only one Visa-mandated feature: the V PAY mark, with its ultraviolet "V" element. Everything else is optional, including cardholder name, card account number, expiration date and signature panel
- ✓ Compatible with domestic debit schemes and other products like e-purses and home banking applications

Card to terminal interface: simplicity through technology

V PAY is the world's first full-function debit card based exclusively on chip technology. Complex fallback procedures on the magnetic stripe are therefore avoided as 100 per cent of transactions are chip-read.

Cardholder to terminal interface: convenience through technology

The V PAY Cardholder Verification Method (CVM) is PIN, whether travelling or at home, whether withdrawing cash or paying in a shop. Additionally, V PAY also constitutes an ideal platform for contactless technology.

Co-badging: more choice, fewer constraints

V PAY can co-exist with any chip/magnetic stripe application, allowing banks to build the exact product proposition they require. For instance, it can be co-badged with a national debit scheme operating predominantly on magnetic stripe: this will give full acceptance domestically in markets where EMV is not widely deployed. Or the V PAY application can reside in the chip alongside another SCF compliant scheme, a domestic electronic purse product, or other value-added applications such as home banking or loyalty. It can be co-badged with another Visa product such as PLUS: this will give global acceptance at ATMs.

Membership and pricing: simpler models, higher reward

- ✓ V PAY membership is pan-European. Existing Visa Europe Principal Members are entitled to issue and acquire V PAY without further process, while Associate and Participant Visa Europe Members require the consent of their sponsoring Member. Moreover, a new V PAY membership class has been created for institutions that wish to become Members of Visa Europe only for the issuing and/or acquiring of V PAY.
- ✓ V PAY scheme fees are fully SCF-compliant: they do not differentiate between in-country and European transactions and are unbundled from the processing.

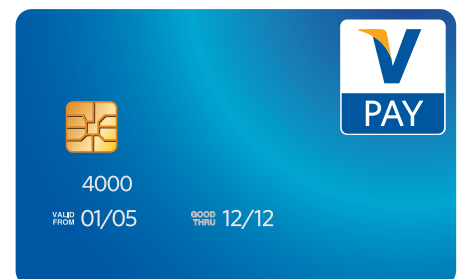
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Remember we are here to help. For assistance or advice on how V PAY can meet the needs of your business, please talk to your Relationship Manager or contact us at vpay@visa.com

