

market eye

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Savantor Limited
68 Lombard St
London EC3V 9LJ
Tel: 0870 734 6250
Fax: 0870 734 6251
email: info@savantor.com
www.savantor.com

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Savantor's Views

Change is in the air

We all want to see some signs of recovery in the UK economy at least before the new Government double act start cutting everything in sight so it's good to see a variety of initiatives to the fore this month. Visa is launching a match planner social media application for the World Cup and you can see why when the number of users on Facebook, MySpace, Bebo, Twitter and the more business oriented tools such as LinkedIn and Plaxo total in the hundreds of millions you have to take notice. Visa are also allegedly working on an iPhone case that enables owners to make contactless payments with the Apple handset. MasterCard is planning to pilot a miniature card from Gemalto in Singapore that can be attached to mobile phone SIMs to turn handsets (other than just Nokia) into contactless payments devices.

Also whilst more of the UK population is now shopping online we also seem to be taking more cash out than ever before. A US financial institution has finally got round to issuing an EMV card and when you hear that Google is now getting into mobile payments it's a pretty good sign that this technology is finally looking like it is going to be the next big thing.

Products and Initiatives

Mint launches Android app

Android mobile phone users can now manage their money on the go with a new, free application from Mint.com. The application lets Mint.com users access a complete snapshot of their financial picture and manage their finances anytime, anywhere. Consumers can create a free account at mint.com, or use their existing account to access the new Android operating system features. These include:

- OS Search: search for and find recent transactions, anytime, anywhere.
- Mint.com widget: Access a snapshot of overall cash flow in real-time.
- Android Live folders: Get financial updates on the phone's home screen without launching the Mint.com application.

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If an Android phone is lost or stolen, users can immediately disable access from the Mint.com website. (Source date: 4th May, 2010)

American Express to roll out prepaid reloadable card for teenagers

American Express has made available a preview of PASS, a prepaid reloadable card which enables parents to control and monitor their children's spending. Via the American Express online services, parents are allowed to view their children's transaction history, disable/enable ATM access, inquire about card balance as well load funds for immediate access. In addition, teenagers and young adults can also manage their accounts online, view their transaction history and set up text alerts to receive balance and transaction information. PASS is due to launch to the general public during the summer of 2010. (Source date: 5th May, 2010)

Visa turns to social media for World Cup promo campaign

Visa is launching a match planner social media application for the World Cup, which kicks off in South Africa next month. The Visa Match Planner lets users create customisable, dynamic viewing schedules which can then be shared with friends through social networking sites. The application also lets users organise match viewing parties, chat with friends, track scores and standings, and obtain offers from merchants such as the "Fifa Official Store". The app is available in English, Japanese, Spanish and Portuguese and customised for each of the 32 qualified countries. (Source date: 12th May, 2010)

Market News and Views

Over 50% of the UK adult population shop online

In Q1 2010, more than 50% of adults in the UK used e-commerce websites on a regular basis, according to the first British Population Survey E-Shopping Report conducted by IMRG. The popularity of online shopping is growing at a rapid pace and one of the main factors contributing to the increase is the high percentage of households now owning a laptop (53% versus 34.2% in March 2008). Also, the proportion of the population with access to the internet has climbed from 73.9% in December 2009 to 76% in March 2010. (Source date: 3rd May, 2010)

Bank holiday weekend sees record UK cash machine withdrawals

Friday 30 April was the busiest day ever for Link cash withdrawals with £590 million withdrawn, beating the previous record, which was on Christmas Eve 2009, by £25 million. Over £1.5 billion had been withdrawn by the end of the Bank Holiday weekend, an increase of 9% on the same period in 2009.

Friday lunch time is the busiest time of the week for cash machines and, on Friday 30 April, transactions hit a new record of over 1,100,000 in one hour and nearly 20,000 in a single minute. (Source date: 4th May, 2010)

Fee based rewards cards to become the norm?

Consumers are actively seeking richer rewards credit cards, according to new research from Auriemma Consulting Group (ACG). Key findings from the study indicated that:

- British credit card users were 19% more likely to hold a rewards credit card in 2009 than they were 2008 (57% vs. 48%).
- Cash-back cards and those that offer petrol discounts have the highest perceived value amongst consumers but have very low penetration. 45% of survey respondents felt that cash-back cards had high value, though only 8% of respondents reported that they hold a cash-back card.
- Points-based rewards cards are growing in importance and now account for 33% of the market. While they have mass market appeal they also have high perceived value; 33% of survey respondents assigned a high value to points-based rewards cards.
- An astonishing 22% of rewards card holders claim never to have redeemed their credit card rewards

Leading retailers are at the forefront of rewards propositions by introducing the concept of fee-based rewards cards through enhanced versions of existing propositions without annual fees. For example, the Premium Club from Marks & Spencer features a £10 monthly fee, and appears to have been well-received by members who derive high value and usage from the enhanced product and are willing to

pay the high fee. The Premium Club offers existing M&S cardholders accelerated rewards earning capabilities, complimentary travel insurance and free coffee vouchers for the in-store café. ACG expects these types of high-value, high-fee credit cards to become increasingly prevalent, and anticipates that by the end of 2011, all major credit card issuers will have at least one fee-based credit card to offer to their customers. (Source date: 4th May, 2010)

First U.S. issued globally compliant payment card

Gemalto has announced it has been selected by the United Nations Federal Credit Union (UNFCU) to deliver the first U.S. issued, globally compliant microprocessor payment card. UNFCU recognized the need of their members, who reside and frequently travel to have a more convenient and secure payment option when travelling internationally. Partnering with Gemalto, UNFCU will provide a globally compliant EMV standard-based Dynamic Data Authentication (DDA) contact and contactless dual interface card. UNFCU anticipates introducing the program in the second half of 2010. (Source date: 13th May, 2010)

Digital Money

Visa contactless iPhone case

Visa has teamed with DeviceFidelity on an iPhone case that enables owners to make contactless payments with the Apple handset. The protective iPhone case, which has been certified by Apple, includes a secure memory card developed by DeviceFidelity that hosts Visa's payWave contactless payment application. (Source date: 5th May, 2010)

MasterCard and Gemalto in SIM-payments trial

MasterCard is planning to pilot a miniature card from Gemalto in Singapore that can be attached to mobile phone SIMs to turn handsets into contactless payments devices. They have teamed with DBS Bank, local pre-paid card specialist Ez-Link and telco StarHub on the trial, which relies on Gemalto's Upteq N-Flex, a wafer-thin device that can be inserted into an array of mobile handsets, attached to SIMs. MasterCard says that because the technology functions on multiple handsets it will help to "provide a path to ubiquity" for mobile NFC. The system is also the first of its kind conforming to the Single Wire Protocol as endorsed by the GSMA. (Source date: 5th May, 2010)

Mobile payments market to reach USD 630 billion by 2014

Mobile payments for digital and physical goods, money transfers as well as NFC transactions will increase to almost USD 630 billion by 2014 compared to their current value of around USD 170 billion, a recent study has revealed. According to the Juniper Research survey, the significant growth can be ascribed to the wide adoption of smart phones and the increased use of apps stores. In developing markets, SMS-driven money transfer services stand out as the main reason for such a boost since they have seen an increase of 30% per annum. The research has also shown that such regions as the Far East and China, Western Europe and North America are expected to represent nearly 70% of the global mobile payment gross transaction value by 2014. (Source date: 10th May, 2010)

Mobile banking finding favour with younger consumers

Mobile banking has been widely predicted to become a mainstream technology, but current usage is very much a youth phenomenon, according to Auriemma Consulting Group. While it's not surprising that early adopters of most technologies tend to be under 45 years of age, the split in mobile banking is particularly marked, with the majority of users in the 18-25 group. Mobile banking is still in its infancy, with 13% of the population claiming to use it at least occasionally. (Source date: 10th May, 2010)

Outsourcing, Acquisition and Deals

Google invests in m-payments

Google Ventures, the venture capital investment arm of Google, has decided to invest in Corduro, a mobile payment technology company. Corduro has developed a mobile payments platform for small businesses and organisations that want to accept credit card payments for events, retail goods and donations. (Source date: 5th May, 2010)