

This is a high-level industry news and business intelligence update bulletin. For further information on any of the items contained within the bulletin or to discuss the potential impact of these items on your business, please contact Savantor on our dedicated support centre e-mail address ([info@savantor.com](mailto:info@savantor.com)).

**Savantor Limited**  
68 Lombard St  
London EC3V 9LJ  
Tel: 0870 734 6250  
Fax: 0870 734 6251  
email: [info@savantor.com](mailto:info@savantor.com)  
[www.savantor.com](http://www.savantor.com)

**Click on the links below to see back copies of MarketEye or view Savantor Resourcing services**



### Items in this issue:

<b>Savantor's Views</b> .....	<b>1</b>	One-in-six AIB phone and Internet banking customers use mobile banking .....	<b>3</b>
Credit Cards – the state of the nation – Part 2.....	1	MasterCard joins push for US EMV switch .....	3
<b>Products and Initiatives</b> .....	<b>1</b>	<b>Mobile Money</b> .....	<b>3</b>
Voice biometrics security role.....	1	UK online spending reaches £68bn in 2011 .....	3
Comparethemarket.com makes push for credit card and loan comparisons.....	2	Austria's RBI preps mobile NFC roll out .....	3
<b>Market News</b> .....	<b>2</b>	Movie-goers order food from their seat.....	4
UK e-commerce spending growth .....	2	<b>Outsourcing, Acquisition and Deals</b> .....	<b>4</b>
US EMV move doesn't mean chip and PIN .....	2	Citi invests in gift card exchange Plastic Jungle .....	4
Singapore banks move to EMV for ATM cards.....	3		

## Savantor's Views

### Credit Cards – the state of the nation – Part 2

More research results looking ahead to 2012 suggest it may not be a happy one for traditional suppliers. New research has revealed that 26% of UK consumers expect to owe money on their credit cards throughout 2012, with nearly one in ten admitting they are relying on their plastic to make ends meet. Whilst that sounds like good news to credit card issuers it has to be tempered by other results from the annual credit card Customer Satisfaction Report from uSwitch.com which reveals that overall satisfaction with credit card providers has fallen – and is now the lowest it has ever been. But although all providers have seen a slip in standards, the traditional banks continue to be the biggest losers -

The survey of over 10,000 credit card customers reveals that the biggest improvement this year comes from Virgin - with an 8% increase in overall customer satisfaction while last year's biggest climber, NatWest, falls three places. The top five for overall satisfaction is completed by two supermarkets, Tesco and Sainsbury's Finance - highlighting the growing competition presented by alternatives to the high street banks and traditional providers.

At the wrong end of the table, the big banks still dominate. While new entrants to the report Vanquis and Bank of Scotland were voted bottom for overall satisfaction, they are closely followed by Barclaycard, HSBC, Halifax, Lloyds TSB and Santander. None of the high street banks top any category - only RBS manages second place for its balance transfer service. Although overall satisfaction across the board has slipped, things are worse for the banks. Last year the best high street bank was 15% off the top performer. This year the gap has widened to 19%.

On the bright side although almost two million are dissatisfied with the everyday service provided by their card company, consumers are holding onto their cards. Over half (51%) have had their credit card for more than five years. So maybe the traditional consumer apathy to moving their finances will prevent a migration away from bank credit cards.

## Products and Initiatives

### Voice biometrics security role

A new study from Opus Research and ValidSoft suggests that voice biometrics can be central to future payments authentication if obstacles to adoption can be overcome. The study evaluates previous voice

Whilst Savantor Limited ("Savantor") has used reasonable efforts to obtain information from sources which it believes to be reliable it does not make any representations or give any warranties or guarantees that the information provided or any opinions expressed herein are accurate, reliable or complete and none should be relied upon as statements of fact. In no event, including (without limitation) negligence, and in no circumstances will Savantor be liable for any loss or damage of any kind whatsoever, including (without limitation) any direct, special indirect or consequential damages, caused by the use of or reliance upon information provided or opinions expressed herein.

biometric projects as well as the current industry landscape in order to identify a number of best practices to rolling out the technology and taking the industry forward. Voice biometrics can act as a part of a multi-layer authentication process to help reduce fraud and to confirm that the endpoint user is genuine. Opus Research predicts that the global number of registered voiceprints will increase from 10 million today to over 25 million in 2015. The study suggests that the security industry should adopt best practices when introducing voice biometrics to their customers such as:

- Ensure security is balanced with customer usability
- Engage stakeholders early in the process and leverage existing resources
- Gain their trust by proving that the technology works; be ready to adapt
- Look ahead and bear in mind future upgrades and new technology

(Source date: 18<sup>th</sup> January, 2012)

### ***Comparethemarket.com makes push for credit card and loan comparisons***

comparethemarket.com has announced a major drive to attract more credit card and loans customers. Already one of the market leaders in car, home, pet and van insurance comparison, comparethemarket.com plans to build market share in the money sector with a new comparison service that offers customers a simple way of comparing credit cards and loans to find the best product for their own personal requirements.

The new credit card comparison service claims to be unique in the market, showing customers exactly how much they could save on interest payments by switching credit cards. Simple and intuitive tools enable credit card customers to enter their own details such as current APR and balance transfer amount to get personalised results. (Source date: 27<sup>th</sup> January, 2012)

## **Market News**

### ***UK e-commerce spending growth***

Around £1 in every £3 in the UK was spent on Visa cards in 2011. Across the Eurozone, spend on Visa cards in Europe grew 14% in 2011, totalling €1.16 trillion, equating to €1 in every €7 of consumer spending - up from €1 in €8 in 2010 and €1 in €18 in 2000. The trend was most marked in the UK. Visa Europe says that for the year ending 30 September, UK debit spend on its cards topped £318 billion, a rise of 27% on 2010. Meanwhile, e-commerce accounted for 22% of all Visa spend in the UK, growing by more than 40% over the year.

Fraud losses on Visa cards in the UK reached an all-time low in 2011, with the fraud to sales ratio falling by 23% to 0.05%, thanks largely to EMV technology. The company says it will continue to roll out contactless cards over the next 12 months, taking the number in circulation from 20 million to 30 million. (Source date: 17<sup>th</sup> January, 2012)

### ***US EMV move doesn't mean chip and PIN***

Following its decision last year to push the adoption of EMV in the United States, Visa has moved to clarify that this does not mean the introduction of chip and PIN cards. In August Visa set out a roadmap for the US adoption of EMV, largely to help prepare the country for the impending widespread arrival of NFC-enabled mobile payment devices. In a blog post Stephanie Ericksen, head of authentication product integration, says the company has received a lot of support from industry players for its stance but also a lot of questions.

"One thing that's clear from the questions is that there's a lot of confusion around the myth that EMV means "chip-and-PIN." It doesn't in many countries, including the US. That's because, in the US, we can rely on online processing where transactions are transmitted in real-time to the issuer for approval. With that in place, there's no need for the offline authentication that was the genesis of chip-and-PIN," says Ericksen.

Meanwhile, adoption of EMV as the universal payment standard gained further traction in 2011, with official figures revealing that over 42% of all payment cards and nearly 76% of terminals in circulation globally are based on the technology. Today, there are over 1.3 billion EMV payment cards in global circulation and more than 20 million terminals active worldwide, according to EMVCo. (Source date: 17<sup>th</sup> January, 2012)

### **Singapore banks move to EMV for ATM cards**

Singapore's banks will introduce EMV chip technology to all ATM cards over the next two years. The Association of Banks in Singapore (ABS) says all ATM and ATM-linked debit cards will get EMV chips in addition to mag-stripes by 2014. Meanwhile, in the wake of recent skimming incidents involving DBS Bank, by June all ABS members will start sending out SMS text alerts to customers when their cards are used for ATM withdrawals at home or abroad. Also by June, all banks will block ATM and ATM-linked debit cards used overseas unless customers request otherwise. In addition, member banks are planning to boost Internet banking security by issuing online tokens with enhanced features such as "transaction signing" by this December. (Source date: 20<sup>th</sup> January, 2012)

### **One-in-six AIB phone and Internet banking customers use mobile banking**

Locating an AIB branch and calculating loan repayments while on the move are some of the features of AIB's Apple App. AIB has just launched its Apple App in Ireland designed specifically for use on the iPhone/iTouch which is in addition to its Android App which was launched in October 2011. It allows users to check their balances, pay bills, transfer funds and top-up their mobile phones.

On Christmas Day, 9,000 logins were made on AIB Mobile Banking with current figures showing that one in six AIB Phone and Internet Banking users now banking on their mobile. The number of active customers in December 2011 was more than 781,000, an increase of 5% on December 2010. Customers logged into AIB's Internet Banking 84 million times during 2011, up 12% on 2010. (Source date: 26<sup>th</sup> January, 2012)

### **MasterCard joins push for US EMV switch**

MasterCard has set out plans to push the United States into abandoning mag-stripe cards in favour of EMV chip technology. The clamour for America to join Europe and take up EMV has been growing over the last year, with retailers and bankers voicing concern over the fraud risks associated with mag-strip technology. In August Visa set out a three-step plan to encourage dynamic chip authentication adoption, requiring US processors to be able to support merchant acceptance of the technology by April 2013 before switching liability to retailers that have not upgraded in October 2015. MasterCard will follow a similar path, promising to "support current industry timelines in an effort to minimize disruption and to maximize investments across the payments ecosystem". Like Visa, it stresses that the migration is not only about security but building a foundation for a new generation of payments and products, most importantly mobile and e-commerce. (Source date: 31<sup>st</sup> January, 2012)

## **Mobile Money**

### **UK online spending reaches £68bn in 2011**

In 2011, the online spending in UK has reached GBP 68 billion, up by 16% as compared to 2010, according to recent research. In December 2011, UK online shoppers have spent GBP 7.9 billion, registering a 16.5% y-o-y growth. The study, which was released by Interactive Media in Retail Group (IMRG) in collaboration with Capgemini, has also indicated that online retailers have seen their sales grow from 11% in H1 2011 to 13% in H2.

Research has also shown that clothing, home and garden, health and beauty have registered the highest annual growth. Clothing, footwear and accessories have increased by 12% since 2010, health and beauty by 63%, while home and garden by 45%. The same study mentioned that the travel sector has only increased by 4% since 2010. Still, the average travel purchase has jumped from GBP 731 in 2010 to GBP 850 in 2011, which reflects higher costs for flights as well as resilience in the luxury holiday market. In 2012 the online spending segment is expected to increase by 13% year-on-year, accounting for GBP 77 billion. (Source date: 23<sup>rd</sup> January, 2012)

### **Austria's RBI preps mobile NFC roll out**

Austria's Raiffeisen Bank International (RBI) is preparing to introduce a contactless mobile payments service. Working with Visa Europe and Cardis, RBI says its CardMobile service will be introduced in an unnamed Austrian city during the second quarter. The bank is also set to start issuing V Pay contactless cards. CardMobile will see customers download an app and install a microSD card in their handset - initially just iPhones - to enable them to make contactless payments. RBI says payment credentials are

stored in the phone in the chip, which it provides and has the same security level as a bank card. (Source date: 27<sup>th</sup> January, 2012)

### ***Movie-goers order food from their seat***

MasterCard has teamed up with Commonwealth Bank and cinema group Hoyts to pilot a mobile payments application that lets movie-goers order food and drinks directly from their seats. The deal means CBA and Hoyts will be the first companies in the world to try out MasterCard's QkR app when the pilot starts this month, enabling movie-goers at La Premiere cinemas in Sydney who have an iPhone or Android handset to buy food and drink from their seats through their phones.

Movie-goers open the app and then use their phone to either scan, type or - if the handset is NFC-enabled - tap a QR code on their seat table. The food and beverage menu then launches and items can be purchased using the digital wallet the cardholder pre-registers with their debit or credit card details the first time they use QkR. Once the purchase is confirmed, the order and the seat location are sent to Hoyts staff and the food then delivered to the moviegoer's seat. No cardholder data is stored on the phone, and QkR can be configured to request the number at time of purchase. (Source date: 24<sup>th</sup> January, 2012)

## **Outsourcing, Acquisition and Deals**

### ***Citi invests in gift card exchange Plastic Jungle***

Citi has used its investment arm to take a strategic stake in Plastic Jungle, an online exchange for gift cards. Founded in 2006, California-based Plastic Jungle provides an online market for people to sell, buy, exchange and donate gift cards. Users can sell unwanted cards for up to 92% of the value as well as buy them for up to 35% off. The firm claims that there is up to \$41 billion in unredeemed gift cards "trapped" in the US economy and it is helping to unlock this, facilitating the exchange of hundreds of thousands of cards worth 10s of millions of dollars last year. (Source date: 19<sup>th</sup> January, 2012)