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Daily Payment Card News

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TODAYS HEADLINES:

1. Most Consumers Carry 3+ Credit Cards
2. Private Label Issuers' Share to Hit 92%
3. AmEx Offers a Cash to Savings Acct Card
4. U.S. Bank Rolls-Out a Jewish VISA
5. BofA Rounds Up Debit Tx for Savings
6. Nordstrom Intros Debit Card w/Rewards
7. Vital and BA Merchant Services Renew
8. GECF & Stock Building Supply Intro Cards
9. EFMARK Launches ATM Image Guard Service
10. Pay By Touch Lands \$130MM in Financing
11. IRN Offers Free Hypercom T7Plus Terminals
12. Pipeline Data Raises Cash for Acquisitions

CARDS MID-YEAR

The total number of U.S. payment cards-in-force rose 9% at mid-year topping 926 million, setting the pace to pass the one billion milestone in mid 2006. A recently concluded CardWeb.com poll revealed that 52% of Americans carry three or more credit cards. As of June 30th, there were 682.2 million credit cards and 243.8 million off-line debit cards. Over the past five years, credit cards have grown 24% while signature debit cards have expanded by 63%, according

Q2 PAYMENT CARDS-IN-FORCE
(VISA, MASTERCARD, DISCOVER, AMERICAN EXPRESS)
[MILLIONS]

	CREDIT	DEBIT	TOTAL
Q2/01	551.3	149.9	701.2
Q2/02	597.2	166.4	763.6
Q2/03	620.8	186.8	807.6
Q2/04	641.2	207.6	848.8
Q2/05	682.2	243.8	926.2

SOURCE: CARDDATA (WWW.CARDDATA.COM)

to CardData (www.carddata.com). The recent Card-Web.com poll of 10,143 consumers showed 25% carry two credit cards, 20% carry three credit cards and 13% carry four credit cards. Seven percent said they carry no credit cards while 3% said they had at least 11 credit cards in their wallet.

STORE CARD SHARE

A new report says there has been a dramatic shift in the ownership of U.S. store credit card receivables as the share of private label credit card issuers has grown from 45% in 1999 to 85% last year. Based on portfolio transactions this year, private label credit card issuers will increase their market share to more than 92% by the end of 2006. The research by Mercator Advisory Group calculated that GECF's share was 31% at the end of last year while Citi Commerce Solutions had a 31% share. HSBC Retail Services had an 18% share as Alliance Data Systems held a 4% share at year-end 2004. The Group says private label credit issuers are still hungry for more acquisitions but will soon face the organic growth challenge. Mercator says co-branding, such as the "Starbucks Duetto Card" or the "Wal-Mart Discover," could be the answer.

AMEX ONE

American Express has launched a new credit card that generates cash rewards automatically swept into a savings account. The new "American Express One" card also features "Interest Protection" wherein

cardholders can separate purchases to pay off and those to pay over time. The card is linked to a high-yield savings account with American Express Bank, and currently pays 3.15% per annum. The "Savings Accelerator" feature also permits cardholders to contribute extra funds to their account. The annual fee for "One from American Express" is \$35 which is waived for the first year. The APR is prime +5.99%. All new cardholders also receive a \$25 bonus contribution to their savings account, upon first purchase. The new card is an expansion of AmEx's success in credit card cash rewards. After receiving a strong response to its "Cash Rebate Card" in 2002, AmEx extended the program to "Blue" and its business cards in 2003. (CF Library 4/3/03; 5/4/05)

JEWISH VISA

U.S. Bank and Heritage Affinity Services have made a soft launch of their new affinity card that supports Israel-related charities. The new "HAS Advantage Platinum VISA" will roll-out nationally in November and target Jewish households. The card also rewards cardholders with one point for every dollar you spend. Additionally, new cardholders receive 1,000 bonus points with their first purchase. Points can be redeemed, after November 20th, for miles on EL AL Airlines, domestic and International travel rewards, brand-name merchandise, gift certificates and Judaica. Heritage Affinity Services has alliances with EL AL Airlines, Dan Hotels Israel, Sheraton Hotels Israel, Avis Israel and Budget Israel. The no-fee card carries an interest rate between prime +5.99% and prime +14.99%

KEEP THE CHANGE

Bank of American has rolled-out a unique program that rounds up debit card transactions and funnels the difference to a savings account. The new Bank of America "Keep the Change" option will automatically round up debit card purchases to the nearest whole dollar and transfer the money from the customer's checking account into their savings account at the end of the day. In addition, BofA will match 100% of the "Keep the Change" transfers for

the first three months. After that the bank will contribute five percent a year. The maximum match is \$250 annually. The bank pays the rewards annually.

MOD VISA

Seattle-based Nordstrom has introduced a VISA debit card that offers rewards. The "Nordstrom MOD VISA" is issued through Nordstrom fsb. Cardholders earn two points for every net dollar spent at Nordstrom. Once a customer reaches 2,000 points they automatically receive a \$20 "Nordstrom Notes" certificate in the mail redeemable toward any Nordstrom product or service. Rewards points can be earned whether a customer uses a Nordstrom retail card, "Nordstrom VISA" card or a "Nordstrom MOD" card. Nordstrom has 154 US stores in 27 states. The Nordstrom VISA credit card portfolio currently has about \$700 million in outstandings and one million cardholders, according to CardData (www.carddata.com).

IN OTHER NEWS THIS MORNING . . .

Vital Processing Services has renewed its merchant processing service agreement with Bank of America merchant services, the second largest U.S. bankcard merchant acquirer GECF has inked a long-term card deal with NC-based Stock Building Supply offering a private label commercial open account receivables program and a business revolving charge account with flexible payment options EFMARK Premium Armored has launched its "ATM Image Guard" service, which adds exterior maintenance and refurbishment to its ATM capabilities San Francisco-based Pay By Touch Solutions has raised \$130 million in new financing from two major hedge funds NY-based IRN Payment Systems has become the first organization to adopt a Hypercom product for a free terminal program and named Hypercom as its preferred terminal vendor MA-based Pipeline Data has entered into a \$2 million financing arrangement with Centrecourt Asset Management to fund new merchant portfolio acquisitions.

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