

Making cards more relevant for European customers

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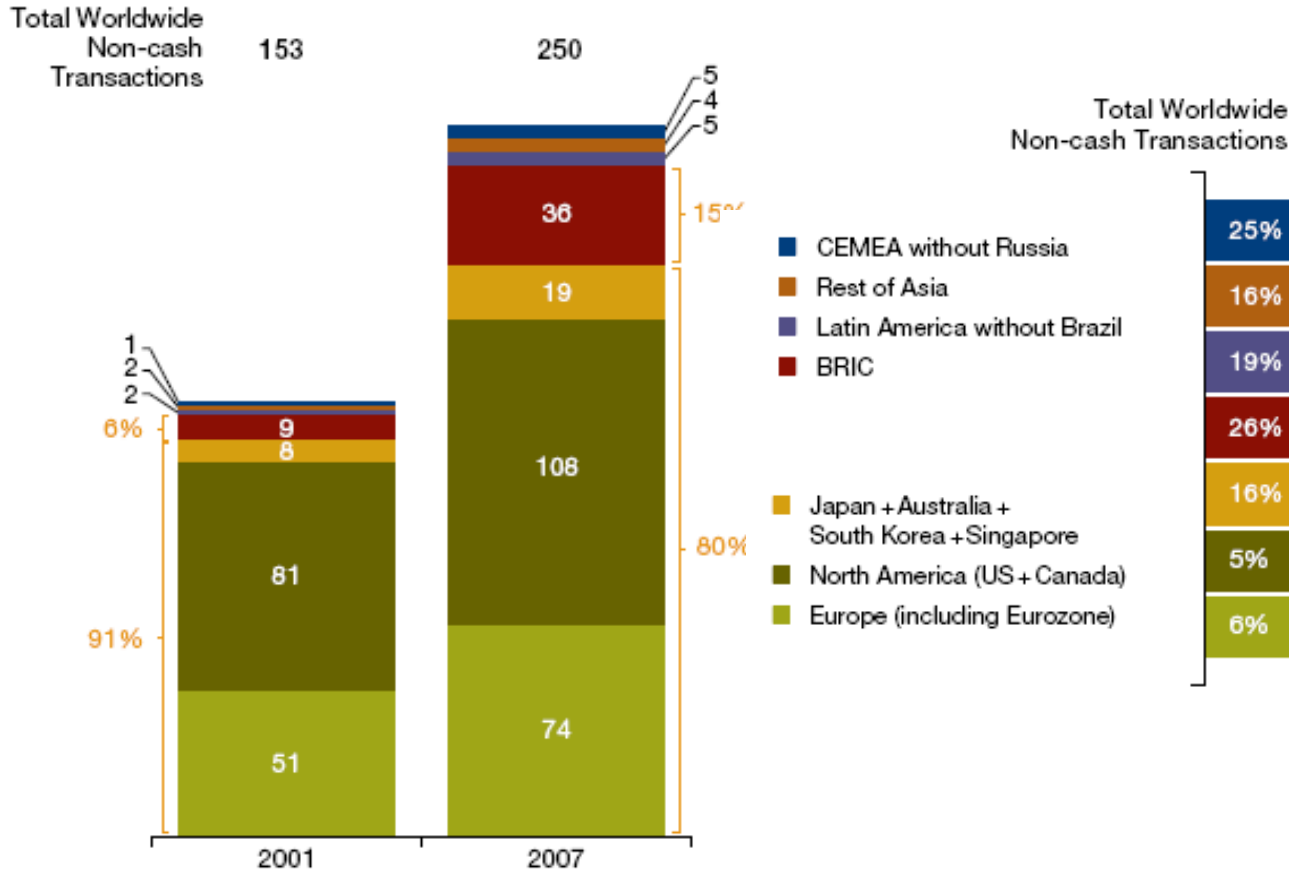
The 'single' European Payments Market

Connecting with European Customers

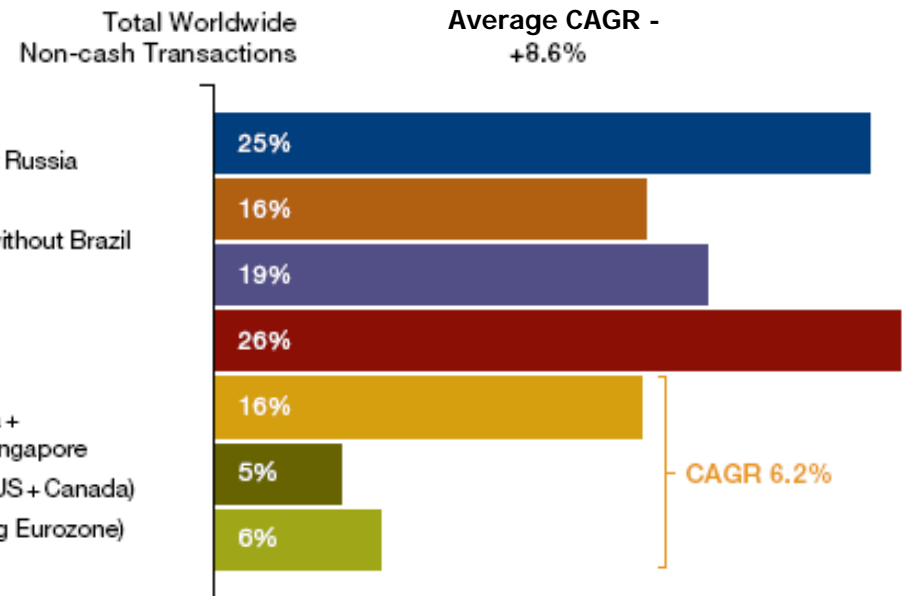
Conclusions

Non-cash transaction had significant growth rates and developing countries are positioned at the top of the list

- Transactions, BI -

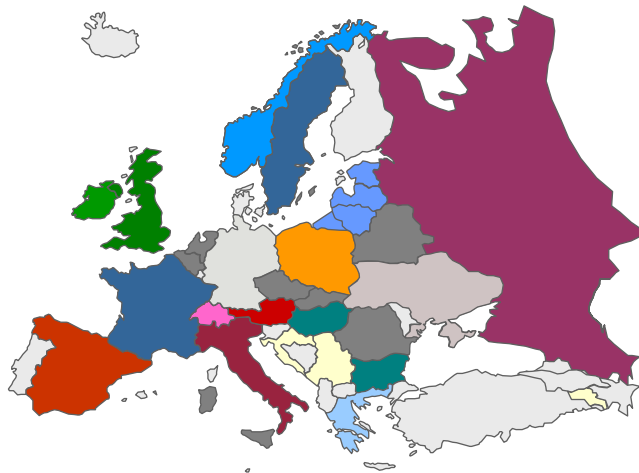


- 2001-2007 CAGR -

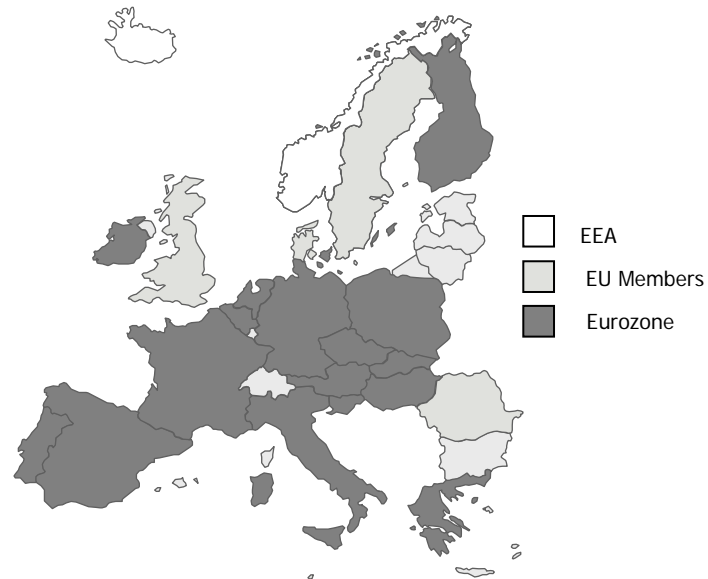


Significant differentiation emerge when thinking 'European'

- Europe -



- Areas -



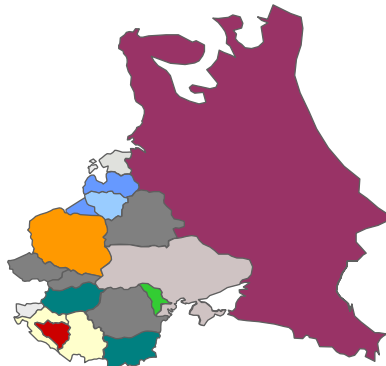
- Facts -

Facts on Euro Payments area

	Euro 15	EU31
Population	315mn	504mn
Banks	6k	9k
Card formats	14+	18+
POS	5.4mn	7.1mn
ATMs	262k	339k
Electronic transactions	52 bn p.a.	73 bn p.a.

Source: ECB Statistical Data Warehouse

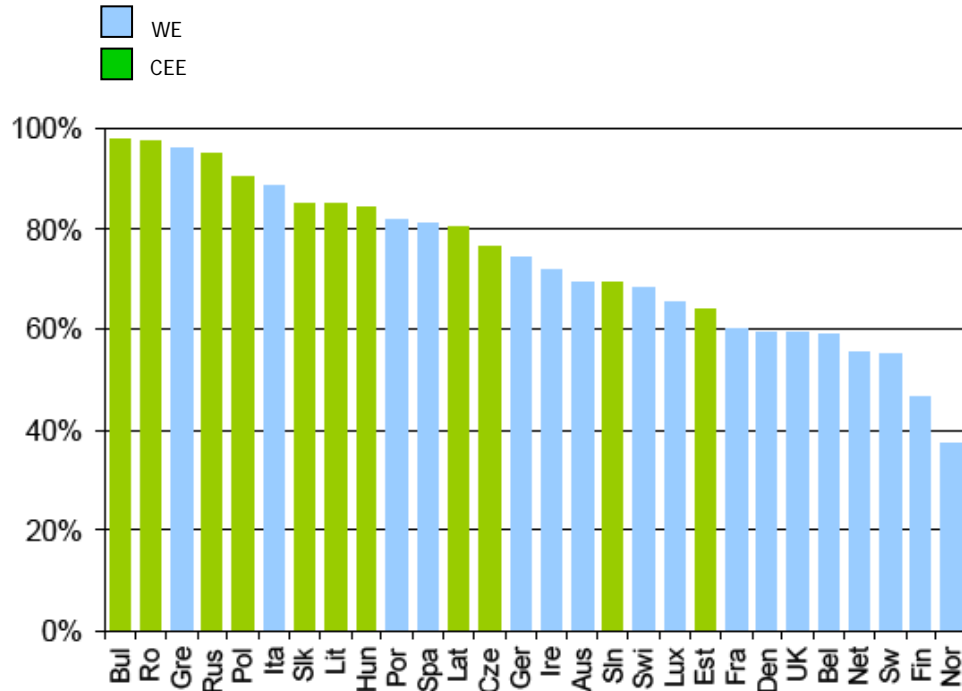
- Central Eastern Europe



- Different Countries,
- Different Economies
- Different Approaches

European countries electronic payments are growing but payments landscape has cash as an important player

- Facts -



- Key drivers -

- Shadow economy
- Internet usage
- Card Penetration



There are significant differences between mature and developing European markets

- Mature Markets -

- Electronic payments grow rate positive
- Cheques landscape 'cloudy'
- Well developed payments infrastructure
- Payment innovation slow on Financial Institution side
- Excellent penetration of financial products
- Players consolidation on-going

- Developing market -

- Electronic payments growth rate still significant
- Cash more dominant
- Cards acceptance growing
- Channels, i.e. internet/mobile/..., and innovation adoption on fast-track
- Larger unbanked population
- Player consolidation stabilize market

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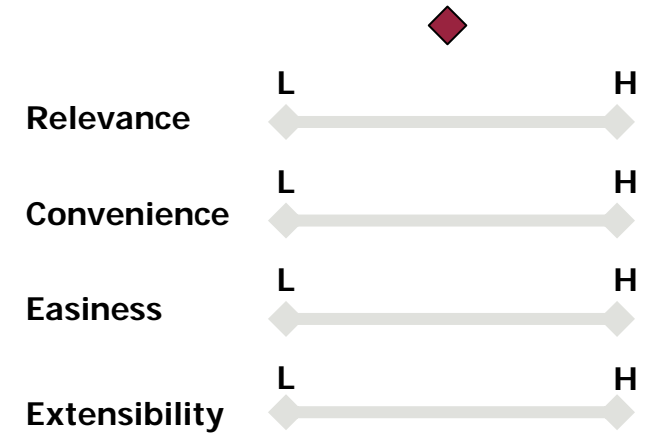
Are we using the right keys to capture customer's payment needs still unmet ?

- Key examples -

- Black box, i.e. Gift Card
- Undifferentiated product
- Money transfer
- Spending limit



- Key Product Dimensions -

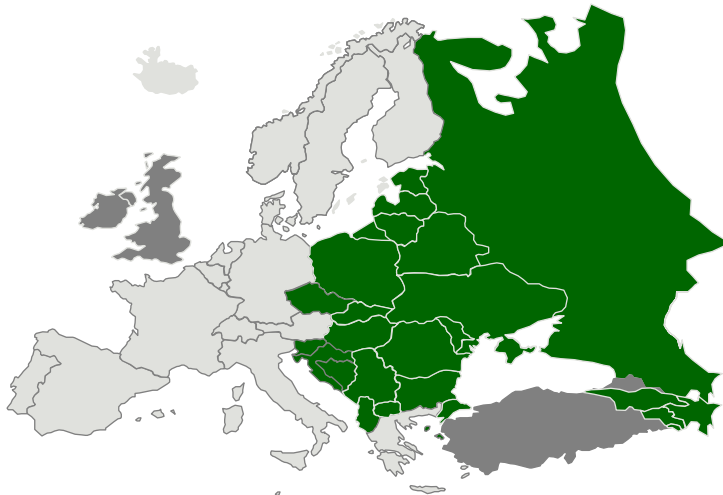


Card innovation for different types of expenses

- Customer needs -

- Better control of expenses
- More freedom in spending behavior
- Convenience of moreCards-in-1
- Single PIN to remember

□ Useful
■ Important
■ Strategic



- Score -



- Issuer Benefits -

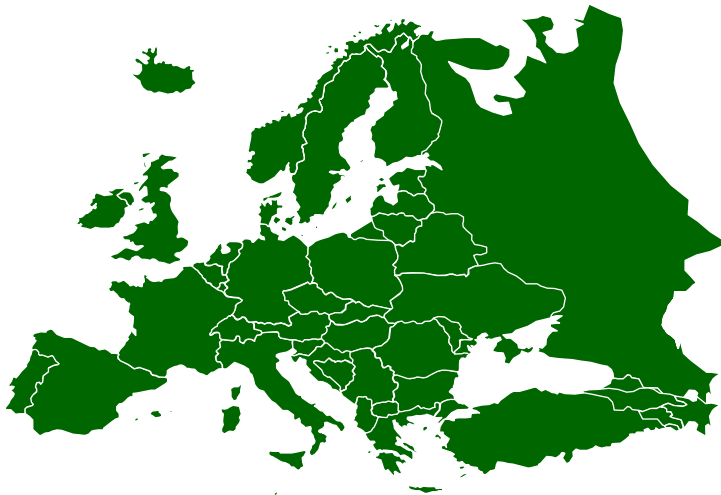
- Product can evolve with cardholder risk profile
- Less risky compared to a standard credit card
- Offering a highly desirable value added service

Card innovation for efficient budget managing

- Customer needs -

- Additional control of expenses
- No time spent on transactions processing: splitting of transactions done automatically

- Useful
- Important
- Strategic



- Score -



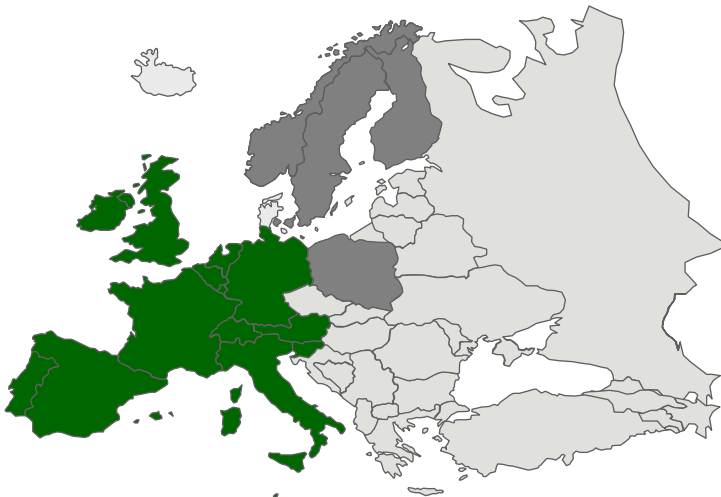
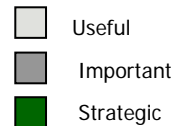
- Issuer Benefits -

- Increase profitability
- Less risky compared to a standard revolving card
- Single credit line
- The revolving component configured differently for each card product

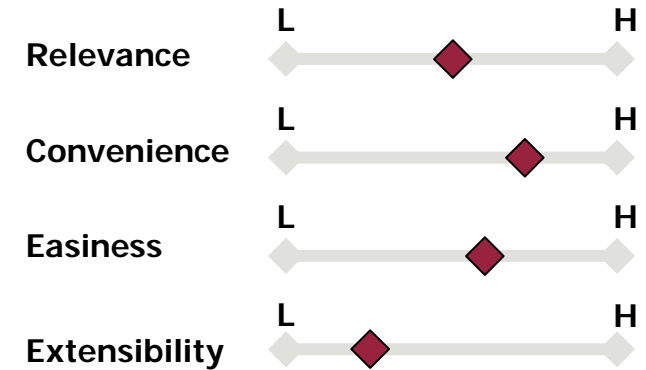
Card innovation for new and skilled customers

- Customer needs -

- Product easier to use and less expensive than a bank account
- Recurring payments



- Score -



- Issuer Benefits -

- Tool to develop the brand power and increase customer loyalty
- Product to aggregate financial and payments services
- Possible synergies with other lines of business

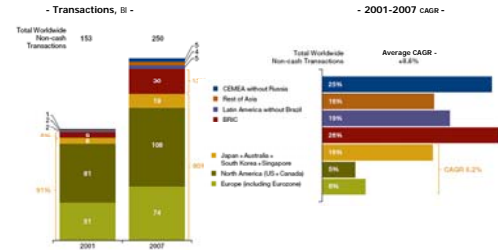
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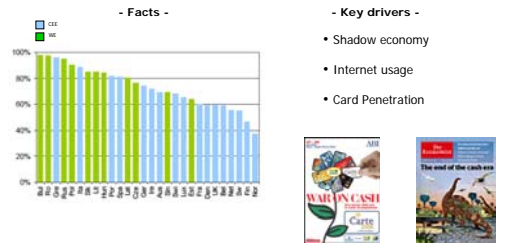
Summary

Non-cash transaction had significant growth rates and developing countries are positioned at the top of the list



Source: Cap Gemini 2009

European countries payments landscape has cash as a important player



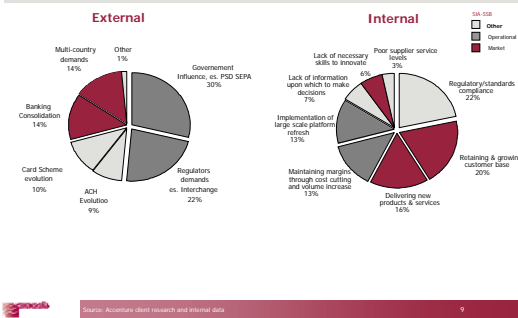
Source: SSB research, 2009 data

There are significant differences between mature and developing European markets

- Mature Markets -**
 - Electronic payments grow rate positive
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- Developing market -**
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Source: Cap Gemini 2009

Connecting with customers is a business priority for Financial Institutions



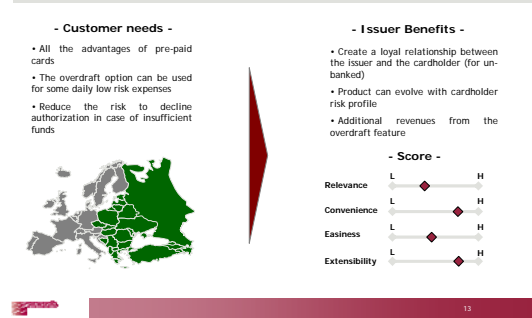
Source: Acquire client research and internal data

Managing existing payment operations and products in this business landscape



ILLUSTRATIVE

Card innovation for small expenses, every day expenses plus value



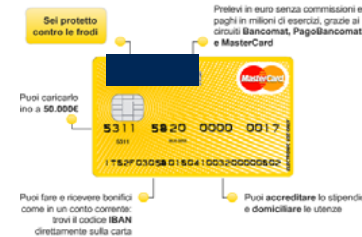
ILLUSTRATIVE

How SIA-SSB responds ?

- European presence -



- Innovation -



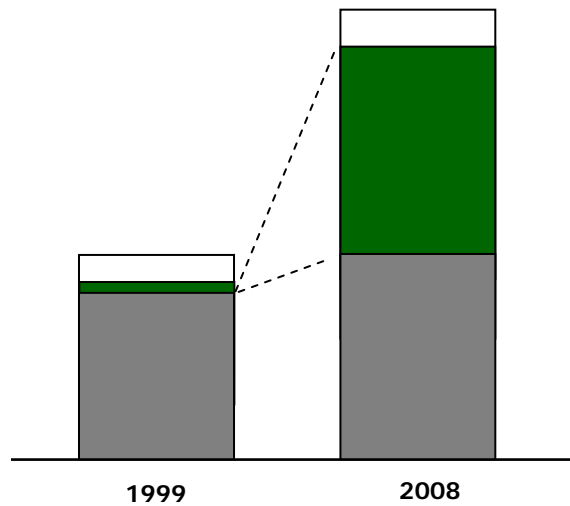
- Values for Customers -

- Knowledge of different European cultures, profiles, customer bases and approaches
- Cost synergies and efficiency savings
- Product and process harmonisation, i.e. Pekao S.A.
- Flexible approach

- Priorities for growth -

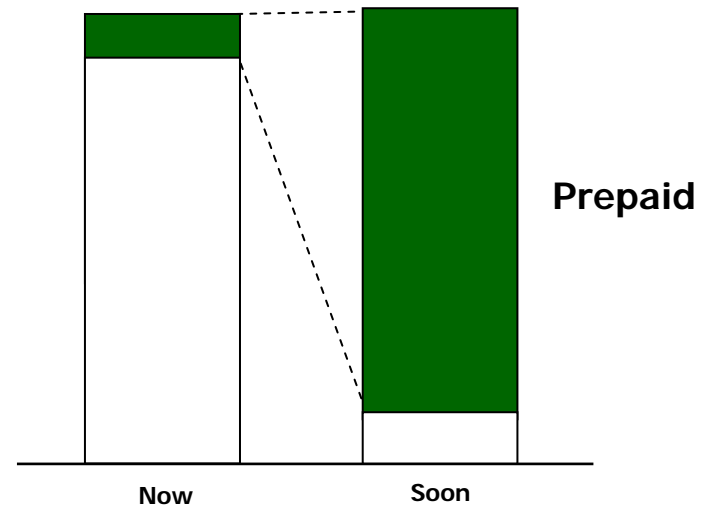
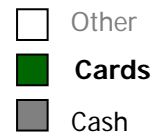
- Additional economies of scale
- Extended value chain coverage for innovation
- Consistent Partners

- UK PUB payments -



Source
APACS - 2010

- Russian Wódka payments -



Source
Personal Wishes - 2010