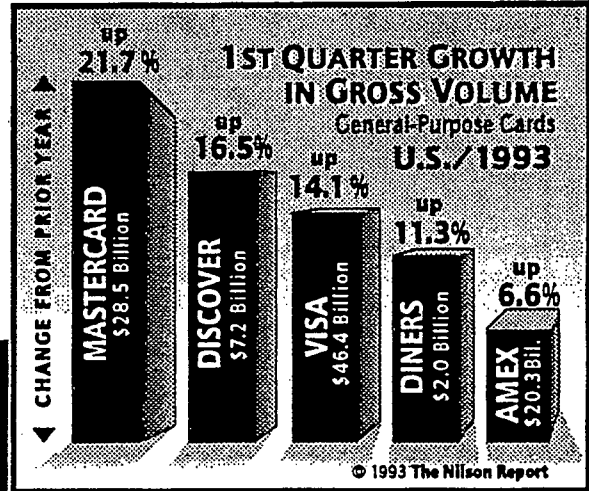


SINCE 1969 THE INDUSTRY'S LEADING NEWS AND ADVISORY SERVICE FOR CREDIT/DEBIT-CARD EXECUTIVES

PIN-BASED DEBIT POS Cards issued with personal identification numbers (PINs) for cash withdrawals and other banking transactions at automated teller machines in the U.S. are also usable at merchant point-of-sale terminals with PIN pads. These POS transactions, like ATM transactions, begin with an on-line authorization request ... (turn to page 6)

GP CARD RESULTS — 1ST QTR. U.S.

Gross volume generated by the five brands of general-purpose credit and debit cards reached \$104.4 billion during the first ... (turn to page 4)



TELEKURS SWITZERLAND

Large Swiss banks issue mostly the Eurocard-MasterCard brand, which accounts for 58% of the country's bank cards. Until last year, all ... (turn to page 7)

PIN-BASED DEBIT SYSTEMS 1992

GENERAL-PURPOSE CARDS 1ST QTR * TELEKURS

VISA/FDR * COMMERCIAL CARDS IN THE U.S.

MADE-IN-CHINA ATMs * TELEPHONE CHECKS * FIFTH 50 BANK CARDS * VISA CHECK CARD

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VISA/FDR PARTNERSHIP The Cardholder Debit-Card Services business unit of First Data Resources will promote Visa's turnkey marketing programs to boost activity and usage ... (turn to page 7)

COMMERCIAL CARDS IN THE U.S. Of the 62 million credit and debit cards in the U.S. issued to employees of U.S. companies, 14% are general-purpose cards accepted at all types of merchants. (turn to page 5)

MADE-IN-CHINA ATMS The potential for selling automated teller machines to financial institutions in China has attracted two ATM vendors to long-term manufacturing partnerships with ... (turn to page 4)

TELEPHONE CHECKS (Part Two) Creating personal checks from information obtained over the telephone has great potential for replacing some transactions paid for by credit cards, by personal checks signed and mailed by the account holder, by C.O.D. (cash on demand), or by bill-paying services operated by companies such as ... (turn to page 9)

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BUYPASS CORP., the POS processing subsidiary of Electronic Payment Services (MAC), is suing New York Switch Corp. (NYSC), alleging conspiracy in restraint of trade in violation of the Sherman Act. John Festa is Pres. at Buypass, (404) 916-3222.

VISA GLOBAL CALLING SERVICE has expanded beyond Sprint International to include carriers British Telecom, Hong Kong Telecom and Telstra in Australia. Carriers in other world regions are being signed. Mike Nash is SVP at Visa, (415) 570-3867.

PHILLIPS, ninth largest U.S. gas-card issuer, will reissue credit cards every five years rather than every three to save mail-related and card-preparation costs.

CITIBANK'S "Lifetime Warranty" extends terms of a manufacturer's repair guarantee for up to 12 years when purchases are made with standard and gold MasterCard and Visa cards. Cardholders call a toll-free phone number to register purchases. Ruwan Cohen is Dir. Mktg., (718) 248-6503.

LIFETIME GUARANTEE, covering repair or replacement of a product for its designated lifetime, is available from Innovative Services of America, provider of enhancements for credit cards and checking accounts. David Kusuda is Dir. Sales, (303) 279-2900.

BUSINESS CARDS issued by members of Visa International totalled 1.75 million worldwide at the end of the first quarter. About 65% are issued in the U.S.

JOB MART — POSITIONS AVAILABLE

Subscribers pay \$300 for ads up to 100 words (nonsubscribers \$500)

AMERICAN EXPRESS seeks highly motivated **Manager of Product Planning & Marketing**. Responsibilities include understanding POS product needs of restaurant merchants; developing debit-processing strategies, industry product requirements, documents, and technology-marketing plans; and managing cross-industry market-research activities. Position requires 2-3 years product-marketing/management experience, experience in writing marketing plans, MBA in marketing or related field, and excellent analytical, written and oral communication skills. Experience in restaurant-management systems and/or card-processing environments a plus. Also seeking highly motivated **Manager of Product Development**. Responsibilities include managing all POS products related to networking and interconnection between American Express and key merchants; designing and managing all aspects of the products. Position requires 3-plus years product-management/development experience, technical communications background, MBA and/or engineering degree, and excellent oral/written and interpersonal communication skills. Experience in card-processing environment a plus. Competitive salary and benefits plan. For immediate consideration send resume plus salary history and requirements to: Charles Conlin, American Express Company, American Express Tower, World Financial Center, New York, NY 10285-0240. Fax (212) 640-1198. EOE

WRIGHT EXPRESS seeks **VP Marketing** with 10 years marketing and sales experience. We are the leading provider of private-label credit cards in the U.S. petroleum industry. We also offer our own universal card that is accepted at over 80,000 stations in the U.S. Ideal candidate is a marketing professional with credit-card and transaction-processing experience. Position requires classical marketing background with more recent entrepreneurial experience and MBA. Individual will be responsible for product management, new products, sales tools, incentives, etc. Send resume/salary history to John Birk, President, Wright Express Corp., 97 Darling Avenue, So. Portland, ME 04106.

LARGE PLASTIC-CARD MANUFACTURER seeks highly motivated individual to fill the position of **Sales Manager**. Responsibilities include managing the sales staff plus organization and implementation of aggressive sales and mar-

keting plan. Also seeking **Plant Manager** with proven knowledge in the manufacturing of plastic cards. Position requires hands-on individual to manage all key areas of the plant. Must be a team leader with at least 5 years experience in a card-manufacturing environment. Both positions require extensive knowledge of the plastic-card industry. Only top notch need apply. Send resume/requirements to: The Nilson Report, Dept. Job Mart 549/50, Financial Plaza, 300 Esplanade Drive, Suite 1790, Oxnard, CA 93030.

TOP 10 BANK HOLDING COMPANY, EFT industry leader, seeks **Vice President/Senior Manager Merchant-Services** business. Responsibilities include strategic planning, marketing, sales, product development, profit and loss, supervisory duties. Rapidly growing debit/credit-card portfolio is based on acquisitions and strong relationship-oriented sales approach. Must work well with operations, service, systems, and finance functions in team-oriented environment. In-house processor. Position requires management-level experience in credit- or debit-card acquiring business, cash-management services, or transaction-processing business. College degree required, MBA preferred. Experience calling on retailers of all sizes a plus. Position located in mid-Atlantic region. Competitive salary, benefits, bonus plan. Send resume and salary history in confidence to: The Nilson Report, Dept. Job Mart 548/9, Financial Plaza, 300 Esplanade Drive, Suite 1790, Oxnard, CA 93030.

ZIONS FIRST NATIONAL BANK seeks **Bank Card Issuing Sales Manager** based in Utah — responsible for portfolio growth, sales and service in bank-card department. Will develop strategies, conduct demographic analysis, analyze competitor products and prices, and evaluate marketing promotions. Will be Product Manager for retail and business credit cards and debit cards. Position requires 8 years banking and bank-card experience in sales and marketing, college degree or equivalent experience, thorough understanding of bank-card sales area, and PC, POS terminal and network knowledge. Competitive salary, excellent benefits and working conditions. Send resume and salary requirements to: Zions Bank, 1 South Main, Suite 1320, Salt Lake City, UT 84133. Fax (801) 524-4805.

JCB BANK take-one brochures are available at the Takashimaya New York department store. Direct-mail solicitations to store customers and to members of the Japanese Chamber of Commerce and Industry in Chicago are scheduled to begin soon. Dwane Krumme is EVP at JCB, (213) 629-8111.

FIRST INTERSTATE is testing a MasterCard credit card that offers branch customers a finance charge of 10.9% until July 1994 with no annual fee for the first year and a \$3,000 credit line. Daniel Stiel is VP, (213) 614-4758.

MBNA Friends of the Arts MasterCard offers discounts on dining and on Los Angeles-area theatre, dance and opera tickets, plus a newsletter listing upcoming events. A percentage of each transaction benefits performing-arts organizations. John Cochran is Vice Chairman, (302) 453-6334.

EDS processing of international PIN-based debit POS transactions for Armed Forces Financial Network began in April in Germany where AFFN has 11 POS locations with 100 terminals. Installation in England will be completed next month. AFFN provides the U.S. military with electronic banking services. Neil Marcous is Gen. Mgr. at EDS, (201) 916-5071. Robert Lively is VP at AFFN, (813) 875-6051.

EQUIFAX CARD SERVICES (Telecredit) has signed a five-year contract to provide card-processing and marketing services for 120 Illinois credit unions currently handled by CUNA Service Group. The 120,000 accounts will be converted to Equifax by October. Lee Kennedy is Card Services Pres., (813) 886-5000.

GASCARD has signed a three-year agreement to supply the State of Montana with fleet-fuel management services for approximately 5,700 vehicles. Lindsay Holland is CEO, (619) 431-3200.

MASTERCARD/CIRRUS ATM network transactions reached a high of 22.2 million in May, up 32% over the prior year.

PLUS SYSTEM reported first-quarter ATM transaction volume of 46.1 million, up 33% over first quarter last year.

FIRST DATA RESOURCES' newest client is Brooks Brothers specialty stores. FDR will process 500,000 proprietary credit-card accounts which had been handled in-house. Mel From is VP at FDR, (402) 222-7374. Roger Platt is CFO at BB, (212) 309-7340.

ELECTRONIC PAYMENT SERVICES' Money Access Service (MAC) network members Green Machine, Jubilee, MAC, and Owl have completed processing links to allow exchange of transactions between each shared system and their members bypassing national systems Plus, Cirrus, Interlink, and Maestro. Michael Douglas is CEO, (302) 791-8377.

SHARED FINANCIAL SYSTEMS' "Balanced EDC" software maintains electronic images of credit-card drafts at both the POS terminal and host. During settlement, terminal transaction information is compared against host totals. Matching totals eliminates batch transmission, reducing time and risk. Betty Kolanczyk is VP, (214) 233-8356.

FIRST USA has acquired the bank-card portfolio of Atlantic Bank of Astoria, New York. Net income of \$10.3 million for First USA's 1993 third quarter ended March 31 compared to \$5.2 million the prior year. The company added 248,618 accounts in the quarter. Richard Vague is President, (302) 594-4100.

FIRST DEPOSIT NATIONAL BANK has issued \$1 billion in securities backed by bank-card receivables.

DEAN WITTER, DISCOVER & CO. Credit Services division first-quarter revenues of \$641 million declined 0.3% from \$643 million the prior year. Net income of \$67.2 million declined 15.2% from \$79.2 million.

DISCOVER CARD first-quarter results show 1.71 mil. merchant locations, up 17% from 1.46 mil. a year earlier, and 27.2 mil. accounts on file, down 1% from 27.4 mil.

WELLS FARGO ARMORED Service Corp. repairs and replenishes about 20,000 ATMs each month. Another 1,500 ATMs will be added after acquisition of California-based Golden Eagle Equipment's ATM-servicing unit. Hugh Sawyer is Pres. at Wells, (404) 847-3100.

AMERITECH MasterCard business cards issued by Household Bank will replace 10,000 Amex corporate cards held by Ameritech employees. Ameritech's "Complete Card" has grown to 625,000 accounts with about one-third using the calling-card feature each month. Rich Bialek is Dir. at Ameritech, (312) 750-5472. Joel Crabtree is SVP at Household, (408) 755-6681.

COLERIDGE FINANCIAL CORP., a vehicle for start-up and acquisition of companies in the financial-services field, has been formed by former AT&T Universal Card Services CEO Paul Kahn, (904) 396-4141.

AMERICAN EXPRESS has expanded its Membership Miles airline program by adding France as its first European country. Since the U.S. launch in 1991, Amex has extended the frequency-marketing program to Canada, Mexico and Australia. James Corcoran is VP, (212) 640-1157.

CARTES BANCAIRES reports bank-card fraud in France declined 24% from \$86 million in 1991 to \$65 million in 1992. Max Auriol is Mgr., 33 (1) 442-13434.

CANADIAN IMPERIAL BANK OF COMMERCE issues a Ford Visa card that gives 5% rebates on card purchases usable to buy or lease any Ford Motor vehicle. Ford lets cardholders accumulate up to \$700 per year in rebates to reach a \$3,500 maximum. Rebates apply to balances transferred from other cards. Paul Vessey is SVP at CIBC, (416) 784-6500. John Radford is VP at Ford, (416) 845-2511.

SHELL CANADA and **BANK OF MONTREAL** are launching two MasterCard credit cards — a no-fee "Vision" card and a \$35-annual-fee "Air Miles" card. The 300,000 active Shell/Royal Trust "Vision" MasterCard customers will be divided between Royal and BofM. Charles Harrison is VP at Shell, (403) 691-3111. James Brophy is VP at BofM, (416) 867-6937.

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VISA "CHECK CARD" A multimillion-dollar marketing/consumer education campaign will promote U.S. region Visa cards that access a customer's funds on deposit, formerly Visa Debit, as "Check Card" — an alternative to paper checks. Member banks have the option of adding "Check Card" or "Visa Check Card" to their proprietary ATM cards. There are 12.2 million U.S. Visa cards tied to deposit accounts that can be used at 2.7 million acceptance locations in the U.S. and about 10.5 million locations worldwide. About 600,000 of those Visa-branded cards also display the Interlink logo for use at merchant point-of-sale terminals with PIN pads. An additional 17.9 million Interlink cards without the Visa brand can be used at 20,000 U.S. merchant outlets in 39 states that honor the PIN-based card. Peter Gustafson is Senior VP at Visa USA in San Mateo, California, (415) 570-2026. □



CITIBANK/JTB "WORLD CASH" A new prepaid debit-card alternative to travelers' cheques called "World Cash" has been jointly launched by Citibank Japan and Japan Travel Bureau to give Japanese travelers access to cash at selected ATMs outside their own country. JTB annual sales in the \$13-billion range makes it twice as large as its nearest Japanese competitor.

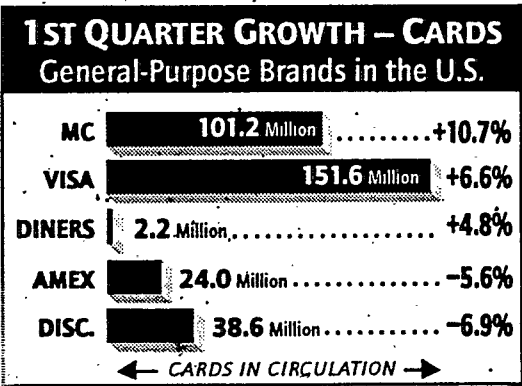


To use World Cash, cardholders make deposits in Japanese yen at ATMs installed at 21 Citibank branches and 50 JTB agency offices throughout Japan. Cardholder withdrawals will be limited to about 400 terminals in Hawaii, including machines owned by Bank of Hawaii, which will display operating instructions in Japanese. Ultimately, withdrawals will be available from any ATM owned by Citibank and from those in the Cirrus network.

JTB Global Assistance Service offices will also give World Cash cardholders immediate card reissuance, information on ATM locations, and a place to report lost and stolen cards. Cardholders can purchase insurance against a loss of more than \$90 if robbed after making a World Cash withdrawal. In Tokyo, Steve Brettschneider is VP Product Development at Citibank in Tokyo, 81 (3) 546-25260 and Tatsuo Ishii is Project Manager at Japan Travel Bureau, 81 (3) 328-47946. □

GP CARDS (from page 1) ... quarter, up 14.5% from \$91.2 billion in the first quarter of 1992. MasterCard was the leader in this period, up from fourth place last year. Last year's leader, Discover Card, was pushed to second place. Visa, the country's most popular branded payment system, had first-quarter growth of over 14%. Diners Club improved its performance over the prior year. American Express was the only brand reporting smaller growth in spending compared to the prior year.

Cards in Circulation Cards in circulation for all five brands reached 317.6 million, an increase of 15.1 million during the last 12 months. This 5% gain in cards, led by MasterCard, occurred despite Amex losing 1.4 million and Discover losing 2.8 million. □



CHINA ATMS (from page 1) ... Chinese companies. Olivetti is negotiating a joint venture with the head office of the Industrial and Commercial Bank of China. Diebold will own 65% of newly formed China Diebold Financial Equipment Company Ltd. with 20% owned

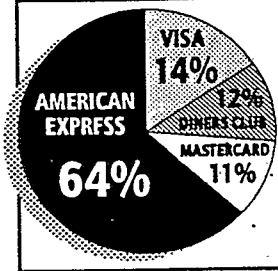
by Shanghai FarEast Aero-Technology Import and Export Corp. and 15% held by Industrial & Commercial Bank of China's Shanghai branch. The 30-year agreement to manufacture, assemble, install, and service ATMs and related products in China begins in the fourth quarter with IBM China as exclusive sales agent. Last year, IBM sold 500 ATMs in China.

Diebold is the largest ATM manufacturer in the U.S. and second largest in the world after NCR. Last year it formed a joint venture to assemble and service ATMs in India, and recently announced it will acquire 80% ownership in Hidromex, its distributor in Mexico. Hidromex had about \$25 million in ATM sales and service revenues last year and has sold 3,200 ATMs over the last three years. Diebold revenues for calendar year 1992 were \$543.8 million, up 7%, with earnings of \$2.05 per share up 15%. Gregg Searle is General Manager of InterBold, (216) 497-5099. John Burgoyne is General Manager at IBM China in Hong Kong, 86 (1) 437-6677. Robert Barone is President of Diebold in Canton, Ohio, (216) 497-4597. Prior issues: 547, 545, 543

Olivetti is Europe's fastest growing ATM manufacturer. Last year it shipped 4,187 units from its Siab plant in Cassis, France. Siab is a joint venture of Olivetti and Bull that also manufactures ATMs for Bull and Digital Equipment Corp. Luigi Astengo is Director Self-Service Terminals at Olivetti in Ivrea, Italy, 39 (125) 526-736. Prior issues: 547, 545, 543, 538 □

■ **COMMERCIAL CARDS** (from page 1) American Express dominates this category. The two travel & entertainment cards, Amex and Diners Club, account for 76%, but the two bank cards, Visa and MasterCard, are growing faster. In addition to the four brands shown here, commercial cards are issued for corporate spending by airlines, telephone companies, petroleum marketers, fleet-leasing companies, private-label firms, hotels, and auto-rental agencies. Credit-card spending on all

GENERAL-PURPOSE CARDS ISSUED TO COMPANY ACCOUNTS



| Brand | Commercial Cards | Market Share | All U.S.-Issued Cards | % Commercial |
|---------------|------------------|---------------|-----------------------|--------------|
| Amer. Express | 5,332,000 | 63.9% | 24,000,000 | 22.2% |
| Visa | 1,138,500 | 13.6% | 151,600,000 | 0.8% |
| Diners Club | 976,000 | 11.7% | 2,190,000 | 44.6% |
| MasterCard | 904,000 | 10.8% | 101,150,000 | 0.9% |
| TOTAL | 8,350,500 | 100.0% | 278,850,000 | 3.0% |

First-Quarter 1993 © 1993 The Nilson Report

types of commercial accounts last year totalled \$65.82 billion. An additional \$44.33 billion spent on personal cards that was reimbursed as a business expense, raised the total for all business-related spending on credit cards to \$110.15 billion. Prior issues: 544, 521 □

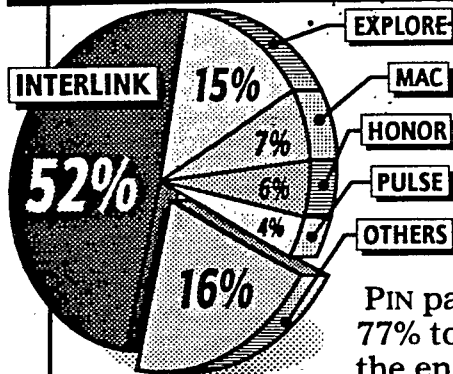
AIR TRAVEL CARD PROGRESS The world's first corporate card, formed in 1936, had worldwide sales of \$7 billion last year, up 15% from \$6 billion the prior year and double the volume of five years ago. In the U.S., Air Travel Cards generated charge volume of \$4.61 billion, amounting to nearly 10.8% of \$42.75 billion in airline ticket sales charged to a payment card. Outside the U.S., \$2.42 billion in ATC volume amounted to 4% of \$55.05 billion in airline ticket sales charged to a payment card. ATC is administered by Universal Air Travel Plan under the Air Transport Association as a free international business-travel payment system ... the account-opening fee of \$425 was discontinued in 1986. Both volume and the number of accounts held by 100,000 corporations continue to grow despite a decline in the number of cards being used as more companies choose direct billing. The 2.0 million cards in circulation in 1972 dropped to 1.5 million in 1990 and to 1.0 million last year. Sales are generated by the 7 largest U.S. airlines plus 21 card-issuing airlines in other countries and a total of 200 that accept the card for payment of tickets worldwide. Air Travel Card was first to offer a worldwide telephone charge system through Executive TeleCard. Charles Fischer is Managing Director at Air Travel Card in Washington, D.C., (202) 626-4224. Prior issues: 521, 510, 499 □

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■ **DEBIT POS** (from page 1) ... to the issuer which, when approved, puts a hold on the customer's funds on deposit. They differ from deposit-account (debit) transactions generated by Visa and MasterCard cards that may involve an on-line authorization request but do not incorporate PIN security and do not place a hold on the cardholder's funds.

Results - 1992 The 133 million cards usable at U.S. merchants with PIN-pad terminals generated 232 million transactions last year. Volume of transactions was up 30% from 178 million in 1991, but growth

MARKET SHARE OF TRANSACTIONS



was down from 39%. Sales volume grew 47% to \$7.06 billion. The amount per sale averaged \$30.42, up from \$26.96 due to a larger mix of supermarket transactions versus lower-priced gasoline and convenience-store purchases. The number of POS terminals with PIN pads at year-end 1992 grew 77% to over 104,500 from 59,045 at the end of the prior year.

The Top Five systems ranked by transaction volume during 1992 held the same positions in 1991 and 1990. Interlink, Visa's expanding nationwide system, drew nearly all activity from a few western states but continued to be larger than all other U.S. PIN-based systems combined ranked by transaction volume. Third largest MAC, which showed the strongest growth in the top five, offered the largest terminal base. Nearly one out of every of three U.S. terminals with PIN pads was available to MAC cardholders. The top five systems switched 84% of all transactions.

The Top Ten included the fastest growing major shared system, Most (No. 7), which is considering a merger with Honor (No. 4). Owl (No. 9) is in the process of reissuing all of its cards to carry the MAC brand. The top ten systems switched 93% of all transactions.

Shared vs. Proprietary All but four systems shown here are shared, offering point-of-sale services to most of the same financial-institution card issuers that use the switch for their ATM transactions. The four proprietary programs (First Interstate's non-Interlink volume, Chase 24, Citicard, and Money Network) link their card bases to merchants such as Mobil and Exxon that operate their own terminals.

Since last year, Cash & point-of-sale systems. The Co-op, Security P transactions included

PIN-BASED DEBIT-CARD (USING SINGLE-MESSAGE FORMAT)

| NAME OF POS SYSTEM/TYPE (1) | STATES WHERE TERMINALS DEPLOYED | SWITCH |
|-------------------------------|---------------------------------|-------------|
| 1. INTERLINK (S) | CA, OR, WA | Visa USA |
| 2. EXPLORE (S) | AZ, CA, HI, ID, NV, OR, WA | Deluxe D |
| 3. MAC (S) | DE, MD, NH, NJ, NY, PA, WV | Electronic |
| 4. HONOR (S) | FL, GA, NC, SC | Southeast |
| 5. PULSE PAY (S) | AR, LA, NM, OK, TX | Texas Cor |
| 6. ACCEL (S) | CA, OR, WA | Accel/Ex |
| 7. MOST (S) | DC, DE, MD, NJ, PA, TN, VA, WV | Deluxe D |
| 8. SHAZAM (S) | IA, IL | Iowa Tran |
| 9. OWL (S) | IN, KY, OH, PA, VA, WV | Electronic |
| 10. MONEY STATION (S) | IN, KY, OH, VA, WV | Midwest I |
| 11. TYME (S) | MI, WI | M&I Data |
| 12. INSTANT TELLER (S) | CA | EDS |
| 13. BANKMATE (S) | IL, KS, MO | Credit Sys |
| 14. ALASKA OPTION (S) | AK | Alaska Op |
| 15. YANKEE 24 (S) | CT, MA, ME, NH, NJ, NY, RI, VT | Deluxe D |
| 16. NYCE (S) | CT, NJ, NY | New York |
| 17. MAGIC LINE (S) | MI | M on |
| 18. PRESTO (S) | FL | Plus, Su |
| 19. BANKMATE (S) | NM, TX | Sunwest I |
| 20. X-PRESS 24 (S) | MA, ME, NH, NY, RI, VT | BayBanks |
| 21. AFFN (S) | AR, CA, HI, KY, MD, MS, NC, VA | EDS |
| 22. CASH STATION (S) | IL, IN, MI, MO, WI | Midwest I |
| 23. EFT ILLINOIS (S) | IL | EDS |
| 24. CITICARD (P) | CT, NY | Citibank |
| 25. JEANIE (S) | IN, KY, OH | Midwest I |
| 26. LYNX (S) | NM, TX | Sunwest I |
| 27. MONEY NETWORK (P) | NM | First of Al |
| 28. FIRST INTERSTATE (P) | AZ, NV, OR | First Inter |
| 29. Tx (S) | CT, MA, ME, NH, RI, VT | EDS |
| 30. KETS (S) | KS | Deluxe D |
| 31. MAX (S) | FL | First Flori |
| 32. MPACT (S) | OK, TX | EDS |
| 33. CHASE 24-HOUR BANKING (P) | CT, NY | Chase Ma |
| 34. ISLEPAY (S) | HI | Bank of H |
| 35. LINK (S) | IN | Member I |
| 36. ALERT (S) | AL | Deluxe D |
| OTHER (3) | | Deluxe D |

nr = not ranked in '91 © 1993 The Nilson Report
 (1) (S) = Shared systems that include transactions processed through the switch as well as "on-us" transactions interco by member card issuers at terminals they operate. On-t actions are counted separately at (a) Money Net member of Lynx; (b) Chase Manhattan and X-P of Nyce; (c) First Interstate (affiliates), a member of inter; (d) MPact, a member of Pulse; (e) Presto and Max, mem

Station, Islepay and KETS have opened PIN-based. Those no longer listed include Green Machine, Pacific (Ariz.), and 7/24, which now have their with larger systems. Prior issues: 525, 487 □

SYSTEMS IN THE U.S. — 1992 (OR IMMEDIATE HOLD ON CARDHOLDER FUNDS)

| NAME OF OPERATOR | TRANSACTIONS | CHG. | GROSS VOLUME | POINT-OF-SALE (2) TERMINALS | CARDS |
|------------------|--------------------|-------------|------------------------|--------------------------------|--------------------|
| | 120,000,000 | +14% | \$3,050,000,000 | 25,000 | 16,000,000 |
| Data Systems | 35,000,000 | +59% | \$1,222,500,000 | 24,813 | 8,270,128 |
| Pymt. Serv. | 17,300,000 | +78% | \$994,750,000 | 32,000 | 19,600,000 |
| Switch | 13,000,378 | +40% | \$420,000,000 | 8,172 | 16,500,000 |
| Commerce Bank | 8,943,354 | +21% | \$241,470,558 | 8,631 | 9,000,000 |
| Change | 7,348,501 | +67% | \$190,367,000 | 3,740 | 6,100,000 |
| Data Systems | 4,600,000 | +236% | \$69,000,000 | 8,964 | 16,000,000 |
| Transfer Society | 4,205,100 | +13% | \$119,847,000 | 1,400 | 2,100,000 |
| Pymt. Serv. | 3,500,000 | +25% | \$160,416,000 | 3,500 | 2,000,000 |
| Pymt. Systems | 2,148,092 | +67% | \$98,454,360 | 2,549 | 11,997,609 |
| | 1,947,000 | +42% | \$56,000,000 | 987 | 3,000,000 |
| | 1,904,000 | +4% | \$53,312,000 | 2,868 | 3,050,000 |
| Systems Inc. | 1,800,000 | +37% | \$73,800,000 | 2,400 | 4,000,000 |
| ation Services | 1,520,000 | +9% | \$48,200,000 | 540 | 217,500 |
| Data Systems | 1,350,000 | +765% | \$63,500,000 | 4,454 | 5,200,000 |
| Switch Corp. | 1,300,247 | +40% | \$35,106,669 | 22,935 | 20,700,000 |
| mp. Serv. | 1,279,497 | +191% | \$34,533,000 | 4,111 | 3,975,000 |
| per. Nets | 741,000 | +28% | \$20,933,000 | 5,100 | 1,220,000 |
| Bank | 698,244 | +23% | \$10,000,000 | 3,500 | 480,000 |
| | 614,000 | +96% | \$10,438,000 | 2,850 | 1,240,000 |
| | 500,000 | +233% | \$30,000,000 | 400 | 5,000,000 |
| Pymt. Systems | 426,900 | nr | \$6,550,582 | 450 | 3,300,000 |
| | 320,000 | +21% | \$8,000,000 | 70 | 850,000 |
| | 305,000 | +2% | \$6,169,000 | 1,375 | 1,550,000 |
| Pymt. Systems | 302,000 | +110% | \$7,250,000 | 300 | 3,050,000 |
| Bank | 168,446 | +53% | \$84,251,000 | 691 | 621,000 |
| buquerque | 139,000 | +21% | \$8,479,000 | 691 | 141,000 |
| state | 131,000 | +15% | \$1,998,000 | 3,210 | 1,500,000 |
| | 90,000 | +2268% | \$950,000 | 2,500 | 950,000 |
| Data Systems | 54,000 | nr | \$1,856,000 | 48 | 620,000 |
| da Bank | 47,000 | +34% | \$1,457,000 | 77 | 1,450,000 |
| | 33,656 | +1% | \$909,000 | 2,400 | 2,300,000 |
| hhattan | 30,000 | +20% | \$508,000 | 1,150 | 1,800,000 |
| awaii | 24,800 | nr | \$694,500 | 120 | 206,000 |
| Data Services | 10,500 | +5% | \$315,000 | 472 | 75,300 |
| Data Systems | 1,400 | -40% | \$80,000 | 8 | 1,722,000 |
| ellon, others | 203,000 | -63% | \$5,531,000 | 3,400 | 1,290,000 |
| TOTALS | 231,995,615 | +30% | \$7,057,625,669 | 104,541 | 132,650,000 |

Honor, and (f) Owl and Jeanie, members of Money Station.
(P) = Proprietary card bases that have direct links to merchants that operate terminals.

(2) Totals for TERMINALS and CARDS have been adjusted to eliminate duplication.

(3) OTHER includes Maestro, which at year-end 1992 had 3.1 million cards and 2,900 terminals in the program.

■ **VISA/FDR** (from page 1) ... rates for its processing clients in the U.S. The two companies will jointly sponsor user conferences, training and consulting services. FDR will reduce costs to clients using its standard debit-card processing system by waiving certain fees normally charged for setting up clients on the processing system, for adjusting its systems to meet client parameters, for testing data on files, etc. FDR processes credit-card accounts for 700 U.S. financial institutions and debit-card accounts for 90. Margaret Lehning is Senior VP at First Data Resources in Omaha, Nebraska, (402) 222-4560. Prior issues: 548, 505 □

■ **TELEKURS** (from page 1) ... cards were gold and showed only the Eurocard name. Since then, Union Bank, Credit Suisse and Volksbank introduced standard and gold cards with their own names. Over 85% of all Eurocard-MasterCard accounts are automatically debited once monthly. The rest receive statements that have to be paid in full each month although revolving credit will be available in September. Most accounts have overdraft credit lines. Later this year, Eurocard-MasterCard cardholders will be able to withdraw funds from ATMs and have their accounts debited immediately instead of monthly like purchases of goods or services. By offering this type of debit, Swiss banks hope to attract ATM transactions away from Eurocheque cards which have a similar function and are held by over 60% of Eurocard customers,

Telekurs AG provides front-office and back-office cardholder-processing services for all 3,000 Swiss financial institutions issuing Eurocard-MasterCard — application processing, credit scoring, customer service, authorization, charge-backs, statements, card service bureau, and collection services using Hogan System software. Telekurs also operates as a merchant processor for 55,000 Swiss retail outlets (4,000 have installed data-capture terminals) honoring Eurocard for payment — handling point-of-sale material, data capture and cash management. The potential ... (turn to page 9)

FIFTH 50 LARGEST BANK CREDIT-CARD ISSUERS IN THE U.S. - 1992

| ISSUER | STATE OF ISSUANCE | '92 RANK | '91 RANK | ACTIVE ACCOUNTS | TOTAL ACCOUNTS | CREDIT CARDS | VISA CARDS | MASTERCARD CARDS | CHARGE VOLUME | OUTSTANDINGS |
|-----------------------------------|-------------------|----------|----------|--------------------|--------------------|--------------------|--------------------|-------------------|--------------------------|--------------------------|
| Municipal Credit Union (CU) | N.Y. | 201 | 235 | 22,221 | 25,703 | 25,339 | 25,339 | 0 | \$19,451,108 | \$25,303,302 |
| Xerox Federal CU (CU) | Calif. | 202 | 205 | 21,931 | 28,265 | 31,326 | 31,326 | 0 | \$63,865,657 | \$25,275,047 |
| State Employees CU (CU) | Md. | 203 | 241 | 21,862 | 28,263 | 38,142 | 38,142 | 0 | \$59,992,273 | \$29,050,603 |
| Sumitomo Bank | Calif. | 204 | 217 | 20,984 | 40,987 | 56,877 | 56,877 | 0 | \$61,177,356 | \$19,247,036 |
| Tropical Telco Federal CU (CU) | Fla. | 205 | 238 | 20,792 | 24,664 | 31,845 | 22,087 | 9,758 | \$33,975,248 | \$21,037,236 |
| IBM Federal CU (CU) | N.Y. | 206 | 223 | 20,771 | 25,484 | 34,950 | 33,582 | 1,368 | \$11,778,570 | \$28,782,821 |
| Michigan State Univ. FCU (CU) | Mich. | 207 | 234 | 20,257 | 23,410 | 29,299 | 29,299 | 0 | \$49,119,957 | \$42,932,477 |
| Mechanics Bank | Calif. | 208 | 236 | 19,929 | 33,904 | 41,628 | 3,561 | 38,067 | \$51,417,484 | \$13,637,796 |
| Bank of Montana | Mont. | 209 | 252 | 19,877 | 24,376 | 36,564 | 13,422 | 23,142 | \$58,235,503 | \$24,988,129 |
| West Suburban Bank (S&L) | Ill. | 210 | 196 | 19,611 | 23,413 | 34,468 | 34,468 | 0 | \$62,645,051 | \$26,677,267 |
| Anheuser Busch Credit Union (CU) | Mo. | 211 | 227 | 19,502 | 24,246 | 34,642 | 17,907 | 16,735 | \$41,798,302 | \$13,516,647 |
| WesBanco | W. Va. | 212 | 230 | 19,424 | 22,000 | 29,500 | 22,125 | 7,375 | \$25,162,554 | \$16,099,707 |
| Farmers & Merchants Bank | Calif. | 213 | 224 | 19,340 | 30,950 | 40,990 | 11,846 | 29,144 | \$23,208,000 | \$10,100,000 |
| Broadway National | Tex. | 214 | 226 | 19,000 | 28,800 | 43,200 | 43,200 | 0 | \$40,300,000 | \$15,175,000 |
| USA Federal CU (CU) | Mich. | 215 | 229 | 18,643 | 25,353 | 37,046 | 37,046 | 0 | \$54,602,125 | \$15,728,641 |
| Langley Federal Credit Union (CU) | Va. | 216 | 228 | 18,629 | 25,545 | 35,126 | 6,685 | 28,441 | \$39,723,448 | \$16,572,820 |
| Glen Falls National | N.Y. | 217 | 232 | 18,300 | 21,750 | 33,000 | 23,500 | 9,500 | \$26,000,000 | \$13,850,000 |
| First National of Gainesville | Ga. | 218 | 242 | 17,858 | 23,277 | 31,161 | 8,571 | 22,590 | \$41,126,681 | \$17,941,144 |
| Rockwell Federal CU (CU) | Calif. | 219 | nr | 17,791 | 22,975 | 29,900 | 18,538 | 11,362 | \$49,487,015 | \$24,916,952 |
| Peoples Bank & Trust | Miss. | 220 | 243 | 17,681 | 21,775 | 28,700 | 21,525 | 7,175 | \$27,405,000 | \$12,819,236 |
| First Citizens Bank & Trust | S.C. | 221 | 239 | 16,482 | 22,677 | 34,015 | 15,678 | 18,337 | \$21,813,931 | \$20,173,485 |
| Max Federal Credit Union (CU) | Ala. | 222 | 246 | 15,536 | 20,102 | 29,331 | 18,763 | 10,568 | \$28,408,460 | \$10,613,832 |
| Los Angeles Teachers CU (CU) | Calif. | 223 | nr | 15,414 | 18,291 | 23,995 | 23,995 | 0 | \$31,752,000 | \$21,194,455 |
| LMSC Federal CU (CU) | Calif. | 224 | 245 | 15,342 | 20,773 | 31,159 | 31,159 | 0 | \$67,689,334 | \$15,559,523 |
| Premier Bank | La. | 225 | nr | 15,213 | 18,324 | 24,614 | 24,614 | 0 | \$43,704,101 | \$20,749,114 |
| Flat Top National | W. Va. | 226 | nr | 15,104 | 18,349 | 21,218 | 8,275 | 12,943 | \$25,612,491 | \$18,139,7 |
| Bethpage Federal CU (CU) | N.Y. | 227 | 248 | 15,037 | 18,800 | 23,851 | 23,851 | 0 | \$32,960,971 | \$16,777,18 |
| Eureka Bank (S&L) | Calif. | 228 | 225 | 15,020 | 24,000 | 27,113 | 16,807 | 10,306 | \$32,517,903 | \$20,700,000 |
| State Dept. Federal CU (CU) | Va. | 229 | 251 | 14,763 | 15,901 | 19,646 | 0 | 19,646 | \$45,211,551 | \$16,387,785 |
| First Nat'l of S.W. Ohio | Ohio | 230 | 244 | 14,340 | 23,447 | 35,000 | 5,000 | 30,000 | \$24,000,000 | \$14,052,918 |
| Calif. United Svc. Org. (CU) | Calif. | 231 | 231 | 13,907 | 18,800 | 21,893 | 21,893 | 0 | \$33,915,796 | \$20,568,952 |
| Digital Employees FCU (CU) | Md. | 232 | nr | 13,892 | 15,583 | 15,583 | 15,583 | 0 | \$51,439,752 | \$26,421,192 |
| First Nat'l of Anchorage | Alaska | 233 | 250 | 13,800 | 19,500 | 26,000 | 0 | 26,000 | \$39,500,000 | \$14,000,000 |
| First Financial FCU (CU) | Calif. | 234 | nr | 13,212 | 13,212 | 16,000 | 16,000 | 0 | \$23,500,000 | \$15,059,737 |
| Northrop Credit Union (CU) | Calif. | 235 | nr | 13,144 | 17,298 | 24,013 | 0 | 24,013 | \$32,026,997 | \$12,481,914 |
| Corporate America FCU (CU) | Ill. | 236 | 253 | 12,882 | 15,410 | 23,115 | 23,115 | 0 | \$32,412,573 | \$15,546,304 |
| Navy Orlando Federal CU (CU) | Fla. | 237 | nr | 12,624 | 18,028 | 25,000 | 19,000 | 6,000 | \$25,679,516 | \$9,716,421 |
| University Federal CU (CU) | Tex. | 238 | 258 | 12,552 | 17,181 | 26,149 | 13,709 | 12,440 | \$34,679,911 | \$10,891,987 |
| Aberdeen Prov. Grd. FCU (CU) | Md. | 239 | nr | 12,505 | 15,279 | 22,918 | 22,918 | 0 | \$23,990,343 | \$17,840,815 |
| University Wisconsin CU (CU) | Wis. | 240 | nr | 12,300 | 16,700 | 21,200 | 12,400 | 8,800 | \$23,475,000 | \$26,000,000 |
| Provident Bank | Md. | 241 | 247 | 12,134 | 23,397 | 35,096 | 0 | 35,096 | \$42,640,749 | \$21,352,037 |
| Atlantic Bank | N.Y. | 242 | 257 | 11,900 | 16,400 | 20,300 | 18,000 | 2,300 | \$22,415,000 | \$12,700,000 |
| Wright Patman Congr. FCU (CU) | D.C. | 243 | 262 | 11,578 | 14,496 | 14,496 | 14,496 | 0 | \$42,934,617 | \$23,367,444 |
| First Nat'l of Tallahassee | Fla. | 244 | 260 | 11,500 | 16,900 | 26,800 | 8,100 | 18,700 | \$25,982,000 | \$13,850,000 |
| Merchants Bank | Vt. | 245 | 256 | 11,470 | 14,305 | 16,677 | 2,893 | 13,784 | \$25,000,000 | \$9,400,000 |
| First Huntington National | W. Va. | 246 | 254 | 11,032 | 15,242 | 15,242 | 7,812 | 7,430 | \$19,024,701 | \$8,799,769 |
| Elyria Savings & Trust | Ohio | 247 | 259 | 10,415 | 16,003 | 20,398 | 20,398 | 0 | \$23,379,754 | \$10,014,202 |
| Telhibo Credit Union (CU) | Ohio | 248 | nr | 10,307 | 14,003 | 18,019 | 18,019 | 0 | \$8,063,362 | \$13,795,290 |
| Tyndall Credit Union (CU) | Fla. | 249 | nr | 10,006 | 11,895 | 17,842 | 17,842 | 0 | \$21,800,181 | \$12,693,647 |
| Exchange Bank | Calif. | 250 | 261 | 9,956 | 12,605 | 15,339 | 0 | 15,339 | \$25,557,000 | \$11,759,000 |
| TOTALS FIFTH 50 | | | | 787,770 | 1,048,041 | 1,395,725 | 819,366 | 476,359 | \$1,771,559,326 | \$894,258,6 |
| TOTALS TOP 250 | | | | 109,233,515 | 156,327,429 | 218,242,296 | 123,988,331 | 94,241,665 | \$260,216,423,802 | \$165,539,405,353 |

Notes: CU = credit union, S&L = savings and loan, nr = not ranked.

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■ **TELEKURS** (from page 7) ... for merchant card-acceptance outlets in Switzerland is about 75,000. Merchants are paid up to three times a week. Last year, Telekurs handled 81 million consumer-payment transactions including 25 million that were Eurocard and 56 million that were Eurocheque (ATM, paper cheque, and PIN-based point of sale). As the national clearing network for all Swiss interbank payments, Telekurs processed 192 million transactions last year.

Telekurs was founded in 1983 and had 1992 revenues of \$295 million — 60% from processing of payment systems. The remaining 40% of revenues were associated with investment counseling, portfolio management, financial analysis, and administration and clearing of securities on behalf of Swiss banks and other financial institutions. Telekurs maintains offices in eight countries. Medard Storz is Senior VP at Telekurs AG in Zurich, 41 (1) 279-2275. Prior issue: 539 □

RELATIONSHIP MARKETING Credit-card direct-mail specialist, Cooperative Marketing Company, has joined the Chicago office of Hal Riney & Partners, a full-service nationwide advertising agency, to form The Relationship Marketing Group specializing in design and execution of customer-loyalty programs. Creative services will come largely from Hal Riney, which had 1992 billings of \$350 million out of offices in San Francisco, New York and Chicago. Clients include GE "Rewards" MasterCard, Saturn, Fuji Film, and John Deere. Strategic planning, data processing, direct mail, and telemarketing services will come from Cooperative Marketing, which is strong in database development and management to maximize marketing efficiency. Cooperative Marketing billings for 1992 were \$25 million. Clients include MBNA, Harris Bank and Chevy Chase FSB. At Hal Riney, Barry Krause is Executive VP in Chicago, Illinois, (312) 697-5701. At Cooperative Marketing, Kenneth Ralston is President in Rolling Meadows, Illinois, (708) 593-3232. Prior issue: 518 □

MORE COLLECTION SERVICES Add these companies to the 77 covered in prior issues (see 547, 544 and 543).

Equifax Accounts Receivable Services has extended the availability of "SmartLetter," a service that lets clients have their collection letters mailed by Equifax on Equifax letterhead. Instead of having to deliver data via magnetic tape or electronic transmission, clients can now use direct-access terminals, making it feasible to send a few requests at a time. Letters are mailed within 48 hours of Equifax receiving the delinquent cardholder's name, address, and amount owed. Wally Sherer is National Sales Exec. at Equifax in Atlanta, Georgia, (404) 885-8434.

Credit Card Software Group mainframe software assigns accounts to first and second placement agencies whose performance can be maintained by an add-on called "Collection Agency Tracking Module." The module can be operated on its own or with CCS's "Cardpac" for bank cards or "Vision 21" for retail-store cards. Carole Sustak is Dir. of Mktg. in Maitland, Florida, (407) 660-0343.

Collections Today newsletter published 12 times a year is written by Orville Young, long-time specialist in collections seminars. Cost is \$325. Bob May of Card Innovations is Publisher in Thousand Oaks, California, (805) 374-9182. □

■ **TELEPHONE CHECKS** (from page 1) ... Western Union and First Data Corp. This is a new demand draft type of payment system just getting started in the U.S. that could be developed in other countries. American Express has been testing it in-house for two years as a payment option for travelers cheques ordered by card members. Of the companies marketing this service to outside clients, most have started business within the last 18 months — roughly the amount of time magnetic-ink ... (turn to page 10)

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■ **TELEPHONE CHECKS** (from page 9) ... cartridges have been available for laser printers, making the remote printing of checks possible. A significant exception is 120-year-old Western Union which will introduce a phone-check service next month.

Primary markets for phone checks are bill collectors, direct marketers, telemarketers, and fund-raisers. Some telemarketers report sales increases of 5% to 20% by extending the advantage of impulse buying to customers who either don't have credit cards, have already used up their credit limit, or don't want to add on to an existing revolving balance. Phone checks also save orders that would have been lost to customers who reconsider a purchase before sending payment through the mail. Fund-raisers and direct-mail marketers get the same advantages. For collection agencies, phone checks eliminate the "check is in the mail" excuse. They offer the same advantages as third-party bill-payment services, which also rely on remote laser printing of personal checks, but are easier to use — phone checks don't require a debtor to first visit the local wire service with cash in hand.

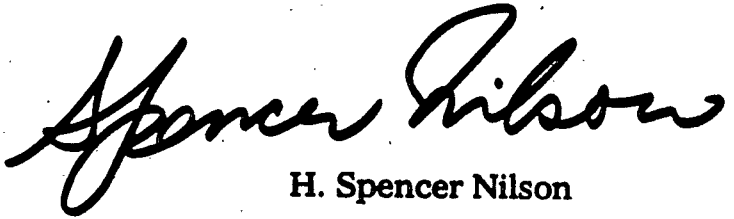
Risks. Telephone checks lack safeguards built into other types of payment systems. Credit-card transactions are processed through closed networks that have to be settled and reconciled daily. Demand drafts for regularly occurring payments of fixed amounts such as insurance premiums, club dues and installment loans are preauthorized with necessary documentation on file. Personal checks display the cardholder's signature, and checks created by wire services are already paid for. Without any of these protections, liability for settlement of phone-check transactions becomes hazy.

If phone checks were treated like traditional checks, liability for disputed transactions could rest with the payor's bank, which, under Uniform Commercial Code laws, is legally prohibited from paying drafts without an authorized signature. But liability is more likely to fall on the depositor's bank, and it is here that merchant fraud can be best monitored by having banks refuse to open accounts unless depositors have a prior banking relationship. Some check verification and authorization firms including NPC Check Services (formerly JBS) are already participating in phone-check systems, but cautiously. Equifax Check Services (formerly Telecredit) is testing the service with two companies. TeleCheck is planning to get involved. Phone checks present the peculiar problems of debiting a customer's account without a signature's tangible proof of that customer's authorization, and of falling outside the laws that help firms verify or guarantee checks in the first place and then collect on them when they go bad.

Collection problems could include: (1) Possible prohibitions against collecting on bad checks by going through the District Attorney's office or initiating a letter service since monies owed must be pursued as a debt rather than a bad check ... (2) Potential liabilities from adding names to the authorization firm's negative file ... (3) Possibility that evidence such as voiceprints might not hold up in court as proof that a customer OK'd a sale ... (4) Sensitivity over using zip codes as a scoring technique — a practice that could be considered redlining since the zip code being used is for an individual's home rather than a merchant location. Prior issues: Western Union 547, 481, 473 Phone Checks 543

Continued Next Issue. Telephone-check services provided by eight companies will be covered in the next issue including disagreement over the patentability and protection of technologies being developed for telephone check systems. □

June 15, 1993



H. Spencer Nilson

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