

MONTH
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1999

THE NILSON REPORT

ISSUE
688

FOR 29 YEARS, THE LEADING PUBLICATION COVERING CONSUMER PAYMENT SYSTEMS WORLDWIDE

BANK ONE & FIRST DATA CORP.

First Data Corp. intends to pay \$408 million to acquire the 45% of Paymentech that trades on the New York Stock Exchange. The other 55% is owned ... (turn to page 4)

CITIGROUP BUYS MELLON CARDS

The bank credit card portfolio of Mellon Bank, ranked 24th largest based on outstandings at year-end 1998, ... (turn to page 5)

FLEET TO ACQUIRE BANKBOSTON

Acquisition of BankBoston in a \$16-billion stock swap will expand Fleet Financial Corp.'s influence in ... (turn to page 7)

VOYAGER FLEET CARD

Fastest growing issuer of credit cards to operators of fleets of cars, light trucks, and vans is Voyager Fleet Systems, a ... (turn to page 4)

MASTERCARD REORGANIZATION

The world's second largest bank card association is changing its organizational structure to better serve ... (turn to page 10)

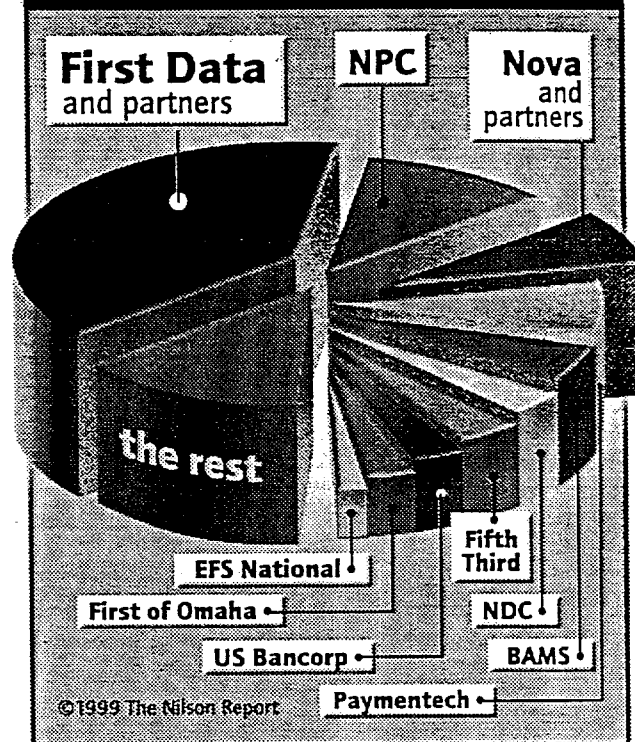
AMEX MERCHANTS IN EUROPE

American Express believes its merchant network in Europe includes outlets where 80% of Visa/MasterCard ... (turn to page 5)

THIRD 50 BANK CARDS

Visa and MasterCard credit card issuers that ranked 101 through 150 largest based on year-end 1998 outstandings are listed on page 6. □

ACQUIRER MARKET SHARES Including Joint Ventures — 1998



TOP U.S. ACQUIRERS

Purchases of goods and services at U.S. merchants on Visa and MasterCard brand credit and debit cards totalled \$714.88 billion in 1998, up 16.6% from \$612.93 billion in 1997. The 85 acquirers listed on pages eight and nine handled 93.6% of that spending, all of it generated either by U.S. cardholders or by non-U.S. cardholders visiting the States. The top ten acquirers ... (turn to page 9)

ALSO INSIDE: Central & Eastern European Card Conference — 4 Smart Cards, What the Experts Say: Ulrich Hamann — 5 Lipman Cash Dispenser — 6 First USA's "At Your Request" — 6 Logika Card Personalization Kiosk — 7 Fast Facts & Job Mart — 2, 3

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NEXTCARD, an Internet-based provider of consumer credit including Visa cards (currently through Heritage Bank), has filed with the Securities and Exchange Commission for an initial public offering of up to \$65 million in common stock. Morgan Stanley is lead manager. Jeremy Lent is CEO at NextCard, (415) 836-9700, fax (415) 836-9701.

GLOBAL CARD SERVICES, a Florida-based software developer specializing in hospitality and travel-industry back office systems, will offer its clients point-of-sale/service terminals manufactured by MobiNetix. Bill Marshall is CEO at CCS, (407) 206-7700, fax (407) 206-3050. Aziz Valliani is CEO at MobiNetix, (408) 524-4200, fax (408) 524-4299.

DONNELLY MARKETING, acquired by First Data Corp. in 1996 and renamed First Data Solutions, is once again officially known as Donnelly Marketing. The company is one of the largest direct marketing and consumer information companies in the U.S. Peter Shaper is Pres., (713) 599-3530, fax (713) 599-3513.

GROMCO's CreditCardMenu.com, an online shopping service for card products, compares terms and benefits and performs calculations on finance-charge rates. All cards featured are linked to an online application form. Colin Crowley is CEO, (713) 247-9216, fax (713) 247-0297.

INTERCEPT GROUP, provider of ATM/POS processing, merchant-portfolio management, core-banking software and processing, and other services to small and mid-sized financial institutions, now trades on the NASDAQ National Market stock exchange under the symbol ICPT. John Collins is CEO, (770) 242-7171, fax (770) 242-6803.

NEWBOLD CORP., manufacturer of Addressograph im printers and blank plastic cards, has acquired the assets of CompuRegister, a manufacturer of PC-based cash registers. Robert Scott is CEO at NewBold, (540) 489-4400, fax (540) 489-2381. Ted Ave-Lallemant is Sales Mgr. at CompuRegister, (573) 365-2050, fax (573) 365-2080.

JOB MART — POSITIONS AVAILABLE *Subscribers pay \$300 per 100 words (nonsubscribers \$500) for Job Mart positions.*

SMITH HANLEY ASSOCIATES Executive Recruiter seeks **Product Manager** for West Coast financial institution. Multiple direct marketing positions focusing on credit card activation, home loans and e-commerce. **Office position** for NY Bank. Build SAS/SQL templates and codes/programs to support information Warehouse. Create technical and production documentation. DB2/PE and UNIX experience preferred. **VP** managing operating units of Settlement Group for a Delaware financial services company. Credit card, remittance, check or payment/treasury operations needed. Smith Hanley Associates specializes in the placement of Quantitative, Direct Marketing, Information Technology and Operations professionals nationwide. Annie Coolidge, Smith Hanley Associates, 107 John Street, Southport, CT 06490. (203) 319-4300, fax (203) 319-4320.

SUPERIOR BANKCARD SERVICE (SBS) a highly successful, dynamic, and fast growing company within the bank credit card processing industry is seeking qualified and experienced individuals for the following key positions: **Controller** - Minimum 5 years experience preferred with a B.A. Degree in Accounting. Must be knowledgeable of various accounting programs including MAS-90 with advanced PC skills in spreadsheet application and analysis. Candidate must be able to organize, develop, and implement corporatewide budgeting, forecasting, profit improvement, and cost analysis. The applicant must be able to manage an Accounting Department of approximately 6 to 8 staff members and oversee related functions pertaining to General ledger, Financial Statements, Bank Reconciliation, A/P & A/R. **Customer Service Manager** - Minimum 3-5 years bank credit card experience with strong managerial and supervisory skills. Applicant will

manage a call center operation and will be responsible for a large staff of customer service representatives, team leads, and supervisors. Candidate will have thorough knowledge of FDR processing, product control programming/maintenance, and must have excellent administrative and communication skills. Fax resume with salary history to Superior Bankcard Service, (818) 594-3799, Attention: Bob Giacobbe, Director of Human Resources or mail to 6355 Topanga Canyon Blvd., Suite 100, Woodland Hills, CA 91367.

TRITON SYSTEMS The leading provider of off-premises ATMs, is seeking candidates for the following positions: **International Business Development Director** will be responsible for the development and execution of Triton's global business plan. A track record in developing new, worldwide distribution channels. Location in Atlanta is preferred. **European Sales Director** to focus on the emerging U.K. marketplace while establishing distribution throughout Europe. Experience selling payment solutions to retail, financial and distributor channels. Location in London preferred. **Director of Marketing** will be a key position in driving Triton's strategic initiatives and overall business plan. Experience in building both a marketing plan and the organization to support it. Location in Atlanta. **Marketing Communications Specialist/Manager** will handle the company's marcomm activities. Experience in directing trade show, public relations, advertising, and other sales support activities. Location in Atlanta or Long Beach, Miss. **National Service Manager** will plan and direct all field service activities. Experience in both building and managing a field service organization. Location in Atlanta or Long Beach, Miss. Triton Systems has been named one of the fastest growing, privately held companies for the past two years by Inc. Magazine. Please fax resumes to: Triton Jobs at (770) 428-8706.

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SECURITY CAPITAL CORP. expects to raise \$24 million this year to be used to purchase charged-off credit card and other consumer loan portfolios. Darrell Musick is President, (619) 232-9950, fax (619) 232-9954.

U.S. MERCHANT SYSTEMS provides card processing services to electronic commerce merchants. The company's service is marketed by Pacific WebWorks. Stuart Rosenbaum is CEO at USMS, (510) 771-2110, fax (510) 771-2166.

PAYLINX CORP., provider of card-processing software for Internet, POS, voice-response systems, and more, has formed a partnership with National CacheCard, provider of smart card software to clients in government, education, telecom, and corporate markets. Bob Lozano is Pres. at PaylinX, (314) 692-0929, fax (314) 692-0805. William Corrington is CEO at NCC, (314) 862-2352, fax (314) 862-1908.

MORGAN STANLEY DEAN WITTER'S credit and transactions services division, which includes the Discover credit card business, posted a 36% increase in profits to \$135 million for the first quarter of its fiscal year.

ARROW FINANCIAL SERVICES specializes in collection and purchase of consumer debt. More than 40% of placements and purchases are tied to credit card accounts. Ronald Lavin is EVP, (847) 557-1100, fax (847) 763-0901.

ELECTRONIC CLEARING HOUSE, a merchant card processor, will acquire for stock Magic Software Development, vendor of check conversion/payday loan/check verification software. Larry Thomas is Pres. at ECHO, (818) 706-8999, fax (818) 597-8999. Kris Winckler is Pres. at MSD, (505) 998-3141, fax (505) 998-3146.

ATOMIC SOFTWARE'S Authorizer Windows 95/98/NT payment-processing software for card and check transactions, is available for Internet merchants in single- and multi-user versions. Multi Merchant is for ISPs and I-Authorizer is for processing from a single Web site. Walter Murphy is VP, (770) 417-1228, fax (770) 849-0533.

I-WAY CORP. develops, hosts, and maintains Internet-based electronic-commerce systems that integrate into a retailer's point-of-sale systems. BA Merchant Services uses I-Way's technology for Furr's Supermarket, a 71-store chain based in Albuquerque. David Isaacs is Pres. at I-Way, (949) 553-1172, fax (949) 553-1174. Jim Aviles is SVP at BAMS, (415) 241-3466, fax (415) 241-4198.

STANDARD CHARTERED BANK in Ghana has issued 60,000 Visa smart cards using the association's microchip-based COPAC Chip Off-line Pre-Authorized Card technology. Cards are accepted at 250 merchants. Pekka Honkanen is Gen. Mgr. at Visa, 44 (171) 225-8534, fax 44 (171) 225-8505. Simon Morris is Regional Head at Standard Chartered, 44 (171) 280-7225, fax 44 (171) 280-7208.

TIETO KONTTS, vendor of card-transaction software for ATMs and POS, has opened an office in Russia where Sergei Loukjanov is Area Mgr., 7 (095) 797-9414, fax 7 (095) 797-9414.

CREDIT SAISON has licensed HNC Financial's Falcon neural-network-based predictive software system for protection against credit card fraud. Hiroshi Rinno is Sr. Mng. Dir. at Credit Saison, 81 (3) 398-20700, fax 81 (3) 539-14392. Hiroshi Uematsu is Gen. Mgr. at HNC Japan, 81 (3) 532-22800, fax 81 (3) 532-22850.

EDS-LANIT, Electronic Data Systems business unit serving Russia, Ukraine, Uzbekistan, and Kazakhstan, has formed a partnership with Vienna-based BGS Smartcard Systems to promote that company's chip card payment technology. Patrick Tisdale is VP at EDS, 7 (095) 967-6650, fax 7 (095) 261-5781. Leonid Delberg is CEO at BGS, 43 (1) 476-010, fax 43 (1) 476-01400.

NICE SYSTEMS provides digital recording and quality management for call centers, financial institutions, air traffic control sites, public-safety services, and more. Clients include First USA, the largest U.S. Visa/MasterCard issuer. Benny Levin is CEO at NICE Systems, 972 (9) 775-3777, fax 972 (9) 743-4282.

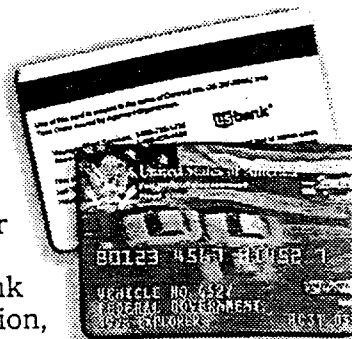
WELCOME REAL-TIME, formerly High Co Technologies, specialist in smart card customer-loyalty software applications, has received U.S. patent #5,804,806 for electronic coupon technology involving kiosks, the Internet, and dedicated in-store terminals. Aneace Haddad is Pres., 33 (4) 429-75897, fax 33 (4) 429-75898.

DELTA INFORMATICS, a third-party processor with 15 bank clients in Greece, will offer merchants and cardholders Hypercom's SET-based Ascendent Internet Commerce servers and wallets. Andreas Drimiotis is Mng. Dir. at Delta, 30 (1) 339-7200, fax 30 (1) 363-2761. Rob Meli is Mng. Dir. Hypercom Europe, 44 (1483) 718-600, fax 44 (1483) 718-601.

MANAGEMENT CHANGES

James Partridge, head of Visa's Latin America & Caribbean region for 20 years, will retire June 30 but will retain a seat on the region's Board of Directors. **Ron Zebeck**, CEO at Metris Companies, has been appointed Chairman of MasterCard Int'l's U.S. Board of Directors, (612) 525-5020, fax (612) 595-0510. **Kevin Rhein** has been appointed President Card Services at Wells Fargo, (612) 667-5632, fax (612) 667-2206. **Joe Tripodi** has resigned as Head of Global Marketing at MasterCard. **Gary Heatherington** has resigned as the head of MasterCard's Canada region. **Rick Cortese**, formerly President of Experian's Information Services division, has been appointed CEO at the company's Information Solutions division, (714) 385-7000, fax (714) 938-2504. **Barbara Chaffee**, formerly at The Associates, has been appointed Dir. Marketing at NCB Management Services, (215) 244-4200, fax (215) 633-9920. **Richard Crum** has been promoted to Managing Director at Air Travel Card, (202) 626-4087, fax (202) 626-4243. **Jeffery Lund** has been promoted to General Mgr. at ICL Financial Serv., (770) 594-3005, fax (770) 594-3013.

Voyager Fleet Card (from page 1) ... subsidiary of Associates First Capital. Voyager has issued over 700,000 cards accepted for payment at more than 144,000 gas stations, truck stops, and auto supply/repair outlets. The company's fleet card management reporting system is sold directly to clients in the corporate sector and remarketed by three Visa commercial card issuers who have signed contracts with agencies of the federal government. Voyager has issued over 260,000 government cards with: U.S. Bank for the Defense Dept. and the Health and Human Services Dept. ... Citibank for the State Dept., the Commerce Dept., the Veteran's Administration, and the General Services Administration ... and Bank of America (cards still say NationsBank) for the Agriculture Dept. and the Energy Dept. This year, Voyager is expected to generate sales of \$450 million. Vicki Carpenter is President at Voyager Fleet Systems in Houston, Texas, (281) 754-1912, fax (281) 754-1920. □



CENTRAL & EASTERN EUROPEAN CARD CONFERENCE Cards Eastern Europe '99 to be held at the Palace of Culture in Warsaw, Poland, June 15-17 will feature more than 60 exhibitors including Gemplus, Mondex, Schlumberger, Telenor Conax, Sagem, and Bull. The conference focuses on payments, loyalty, access control, and a strategic overview and exploration of the card markets future in that region. Speakers represent Hungary, Slovenia, Czech Republic, Poland, Ukraine, Croatia, Latvia, Romania, and Russia, plus others from outside the region. Cost to attend ranges from \$995 for one day to \$1,995 for three days with a 50% discount for Central/Eastern European organizations. Subscribers to *The Nilson Report* from outside Eastern/Central Europe can get a 20% discount. Entry to the exhibition is free but requires registration by fax or e-mail with the events manager, Agata Lucka at AIC Worldwide in Stockholm, Sweden, 46 (8) 588-31036, fax 46 (8) 588-31030. □

Bank One (from page 1) ... by Bank One. If the sale is approved by the U.S. Department of Justice, FDC and Bank One will add Paymentech, the fourth largest U.S. acquirer, to their existing joint venture called Banc One Payment Services, twelfth largest U.S. acquirer. The Justice Dept. has already interviewed FDC executives about the deal which would significantly increase FDC's market share. Both directly and through joint-venture partnerships and alliances, FDC-owned merchant processing contracts controlled 36% of the purchases of goods and services

Paymentec

Commercial Cards

Paymentech's card-issuing business — a commercial card portfolio — will become an asset of Banc One Payment Services. More than 185,000 cards have been issued by First USA Financial Services, a Paymentech-owned industrial-loan company in Utah. As part owner of the commercial card portfolio, First Data will become a client of EDS, provider of back-office processing for Paymentech's business. James Baumgartner is President at First USA Financial Services in Salt Lake City, Utah, (801) 281-5810, fax (801) 281-5858.

generated by Visa/MasterCard credit and debit cards in the U.S. last year. That figure would rise to 44% if Paymentech were added, and still would not include business handled by FDC on a purely third-party-processor basis.

Bank One has allowed Paymentech to operate autonomously since acquiring its stake in the company through the 1997 takeover of top credit card issuer First USA. The accounting method used for that takeover required Bank One to hold onto its share of Paymentech for two years. Last August, Paymentech informed investors that Bank One had decided not to reduce its interest in the company. First Data's proposal to buy all outstanding Paymentech shares at a premium ensures that Banc One Payment Services will remain an FDC joint venture. Eula Adams is Executive VP at First Data Corp. in Englewood, Colorado, (303) 488-8354, fax (303) 488-8705.

Paymentech's data center in Tampa, Florida will continue to provide POS terminal management services, and its data center in Salem, New Hampshire will continue to provide processing to "card not present" merchants who sell via direct marketing. No other FDC customers will be able to use the Tampa or Salem platforms. Pamela Patsley, currently CEO of Paymentech, will take over the expanded Banc One Payment Services in Dallas, Texas, (214) 849-3100, fax (214) 849-3101. □

Citigroup (from page 1) ... was acquired March 31 by Citigroup, second largest bank card issuer in the U.S. It will add 800,000 consumer and small business accounts and nearly \$2 billion in outstandings to Citibank's portfolio of 70 million



MasterCard and Visa credit and debit cards. Mellon Bank and its Dreyfus Fund will become agents for Citigroup-owned bank cards.

Purchasing card accounts, including a contract with the federal government's General Services Administration, will stay with Mellon. Thomas Anderson, President at Travelers Bank USA, heads Citigroup's affinity-card and agent-bank business unit in Newark, Delaware, (302) 454-5630, fax (302) 454-5555. Prior issue: 684 □

Amex (from page 1) ... spending occurs. But with a total of about 1.8 million European acceptance locations, Amex's merchant network is still only half the size of the bank card networks. Amex's sales force, even with the external sales agents it has used over the last three years, can't sign enough small and midsized merchants to close that gap quickly, so Amex has entered into merchant-signing contracts with several banks. Newest Amex partner is NatWest, largest acquirer in the U.K. Already



signed are Banesto in Spain, PBS in Denmark, ForeningsSparbanken in

Sweden, and Deutsche Bank (and 70 other banks) in Italy. Collectively, these partners already provide Visa/MasterCard processing for about 450,000 card-acceptance locations ... an estimated 60% do not yet accept American Express. Mark Webb is President at American Express Establishment Services Europe, Middle East, and Africa in London, 44 (171) 834-5555, fax 44 (171) 630-6673. Prior issue: 671 □

Progressive breakthroughs in technologies for producing semiconductors will create increasingly smaller chips with higher performance, leading to applications for chip cards that

SMART CARDS

What the Experts Say

Ulrich Hamann

have never even been dreamed of. The present "chip on a card" will evolve into a "system on a card"

— a highly secure pocket-size computer with enormous memory, plus a display, keyboard, interface capabilities, and biometric sensors.

Siemens' new FingerTIP, a biometric sensor, enables reliable registration and evaluation of fingerprints for biometric identification and can serve as a replacement for PINs or passwords for mobile telephones, POS and ATM transactions, access control, etc. Its rectangular sensor field, a surface of less than 150 millimeters, enables direct-digital capturing of fingerprints for authentication. Its 65,000 capacitors feed the evaluation algorithm to extract specific characteristics of the user's fingerprints in less than 100 milliseconds. The fingerprint is digitized with a resolution of 20 pixels per millimeter.

FingerTIP was nominated for Germany's 1998 Future Award for Innovation and Technology.

Our social and business lives are based on a level of communication that involves not only the physical networking of systems, but increasingly the networking of "brain power" worldwide. This presents new challenges for protecting the security of communication networks since intellectual properties, formerly protected through safes, will now reside in networks and must be protected by network security infrastructures. These infrastructures will pave the way for new international services.

Chip cards are the ideal medium for supporting and marketing such services, and that is why they will play a central role in the global information and service society of the future.

Siemens Semiconductors has been ranked the world's number one manufacturer of smart card integrated circuits with a 42% market share, having shipped more than half a billion units in the last year. Siemens-manufactured chips are being used in every aspect of the smart card market.

Ulrich Hamann reached the degree Dipl.-Ing. in Electrical Engineering at the University of Hanover in Germany. Since 1986, he has been with Siemens AG Semiconductor Group, and since 1996 has been responsible for worldwide activities in marketing, development, and production of Security and Chip Card ICs in Munich, Germany, 49 (89) 636-24236, fax 49 (89) 636-24691.

INSER Using currency
either Wagner or De La Rue,
el 2085 POS terminal, Lipman
reated the lowest-priced cash
available in the U.S. and

Lipman claims its Nurit 5000,
ells for as low as \$3,500 depend-
can be profitable for merchants
as 200 transactions a month.

Cost savings come from: the
ability to have cash replen-
ished by clerks rather than by
an outside firm ... a modular
design that makes it easier to
replace parts ... and use of
point-of-sale-terminal technol-
ogy rather than PC technology
so some repairs can be done
remotely, lowering ongoing
maintenance costs. Nurit

5000 can be configured for
conversions. Distribution in
Lipman in Toronto,
2-2619. The U.S. distributor is
, California, (916) 632-7600,
sues: 684, 681, 677, 666 □

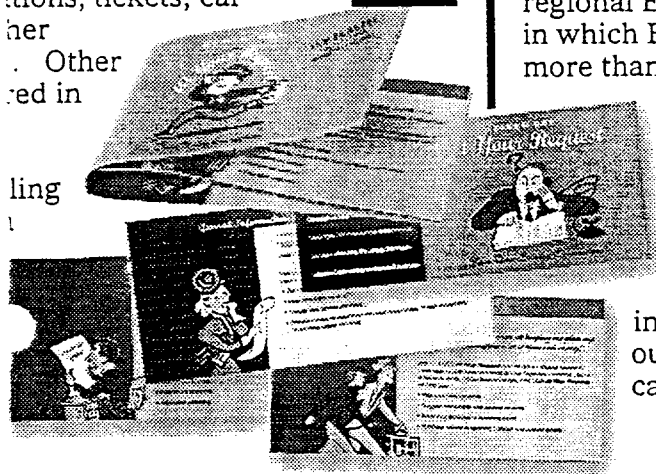
First USA, largest Visa/
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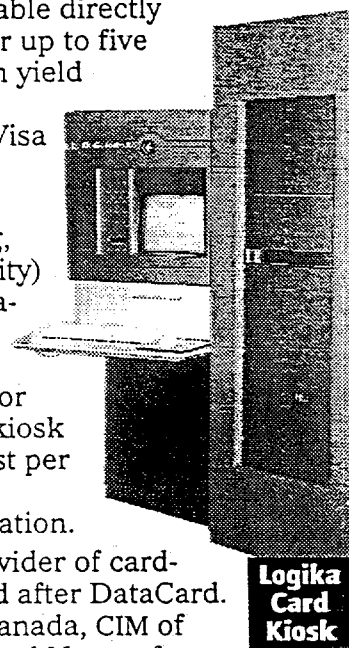
**First
USA
Mailer**



CARD PERSONALIZATION KIOSK The world's first
card-personalization system that functions as a freestanding
self-service kiosk or connects to automated teller machines
has undergone extensive testing and is ready for worldwide
distribution. Logika Comp's automated method for delivering
cards has been tested with 30 Fujitsu, Hitachi, OKI, Omron,
and Toshiba ATMs in bank branches in Japan. Both the ATM
version (almost any ATM vendor can incorporate Logika's
system) and the kiosk version (available directly
from Logika) can store card stock for up to five
different brands, and each brand can yield
different versions — for example
standard or gold MasterCards, and Visa
Electron cards which require indent
printing on both sides.

The system provides embossing,
magnetic stripe (high or low coercivity)
encoding, and/or microchip initializa-
tion without assistance from bank
staff. Customer access requires
identification by retina, fingerprint, or
photograph which limits use of the kiosk
to the bank's existing clientele. Cost per
unit ranges from \$25,000 to \$60,000
depending on quantity and configuration.

LOGIKA is the second largest provider of card-
personalization systems in the world after DataCard.
Other competitors include NBS of Canada, CIM of
Italy, On Serts Systems of Canada, and Natec of
Japan. Enrico Arduino is President at Logika Comp in Milan,
Italy, 39 (02) 660-6111, fax 39 (02) 660-13087. □



**Logika
Card
Kiosk**

Fleet/BankBoston (from page 1) ... payment systems not only
in the U.S. but also in Latin America where it will gain Visa
and MasterCard businesses in Argentina, Brazil, Chile, and
Uruguay. In the U.S., the newly named FleetBoston will:
(1) become the sixth largest issuer of Visa/MasterCard brand
debit cards ... (2) take over BankBoston's X-Press 24 shared
regional EFT system, likely merging it into the Nyce regional
in which Fleet holds an equity stake ... (3) either merge Fleet's
more than 18,000 merchants with the 10,000 merchants

BankBoston holds in a joint venture with First Data
Corp., or buy out FDC from the joint venture, and ...
(4) remain the seventh largest U.S. issuer of
Visa/MasterCard credit cards after adding
BankBoston's \$400 million in outstandings to its
own \$16 billion. Fleet must also decide what to
do with the 19% equity position BankBoston holds
in a portfolio of \$2 billion worth of bank credit card
outstandings. The portfolio is part of a joint venture
called Partners First that includes ... (turn to page 10)

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BANK CARD ACQUIRERS IN THE UNITED STATES 1998 — OWNERS OF MER

Rank '98	First Data & Nova Figures Do Not Include Joint Venture Partnerships Company, Headquarters	Bank Cards			Other Volume (mil.)	PIN Debit		Merchants		Rank '98
		Volume (mil.)	Chg.	Trans. (mil.)		Volume (mil.)	Trans. (mil.)	Clients	Outlets	
1	Chase Merchant Services (FDC 50%) Melville, NY	\$115,418.0	+23%	1,712.0	\$440.0	\$4,838.0	113.00	33,738	161,981	51
2	NPC Louisville, Kentucky (1)	\$80,200.0	+11%	1,454.0	\$2,940.0	\$2,380.0	61.50	140,000	410,000	52
3	First Data Merchant Services Atlanta, Georgia NB (2)	\$54,399.5	-15%	864.3	\$4,825.4	\$266.3	7.31	159,987	298,817	53
4	Paymentech Dallas, Texas NB (3)	\$53,861.3	+18%	2,007.9	\$14,072.0	—	—	236,000	300,000	54
5	Nova Information Systems Atlanta, Georgia NB (4)	\$44,253.3	+174%	492.5	\$2,470.1	—	—	334,926	342,554	55
6	BA Merchant Services San Francisco, California	\$35,246.2	+23%	530.7	\$304.9	\$3,877.0	158.68	127,500	189,000	56
7	National Data Corp. Atlanta, Georgia NB	\$27,272.5	+20%	366.2	\$353.0	\$154.4	4.39	90,000	120,000	57
8	Fifth Third Bank Cincinnati, Ohio	\$26,271.0	+24%	426.8	\$2,690.0	\$4,580.0	114.44	11,578	53,373	58
9	Wells Fargo Merchant Serv. (FDC) Walnut Creek, Calif. (5)	\$24,550.6	+54%	339.7	\$3,219.0	\$4,690.3	150.00	105,900	153,560	59
10	U.S. Bank Minneapolis, Minnesota	\$22,801.0	+15%	242.6	\$986.8	\$601.8	19.49	90,087	103,500	60
11	First of Omaha Omaha, Nebraska	\$19,214.0	+15%	266.8	\$2,500.0	—	—	72,600	79,500	61
12	Banc One Payment Services (FDC 50%) Columbus, Ohio	\$18,566.9	+14%	206.4	\$2,444.2	\$35.4	0.83	92,234	127,283	62
13	Unified Merchant Services (FDC 80%) Atlanta, Ga. (6)	\$18,536.4	+116%	229.4	\$2,849.9	\$27.8	0.66	86,126	115,173	63
14	EFS National Memphis, Tennessee NB (7)	\$11,800.0	+33%	220.6	\$1,658.8	\$3,327.6	84.36	900	6,300	64
15	First Tennessee Memphis, Tennessee	\$11,619.0	+24%	127.1	\$3,637.8	\$186.8	8.66	42,000	45,816	65
16	PNC Merchant Services (FDC 60%) Pittsburgh, Pa.	\$8,939.0	+25%	140.7	\$1,245.8	\$246.7	5.57	24,220	49,558	66
17	Michigan National Lansing, Michigan	\$7,300.0	+12%	91.5	\$1,012.0	\$962.5	25.00	15,000	31,000	67
18	Harris Trust Buffalo Grove, Illinois	\$6,300.0	+10%	47.0	—	\$6.0	0.15	25,000	28,300	68
19	Firststar (Nova 51%) Milwaukee, Wisconsin (8)	\$5,959.8	+13%	79.8	—	\$0.6	0.02	43,635	48,166	69
20	Alliance Data Systems Dallas, Texas NB	\$5,796.8	+3%	419.8	\$1,225.7	\$324.1	41.95	10	47,000	70
21	Cardservice Int'l (FDC 50%) Agoura Hills, Calif. NB	\$5,393.9	+19%	64.1	\$1,235.4	\$60.5	1.98	112,792	112,792	71
22	KeyCorp (Nova 51%) Cleveland, Ohio (9)	\$5,329.2	-33%	68.4	—	—	—	43,037	45,302	72
23	Mellon Bank Pittsburgh, Pennsylvania (10)	\$5,300.0	-36%	56.1	—	\$71.8	1.60	52,000	67,000	73
24	Wachovia Merchant Services (FDC 50%) Atlanta, Georgia	\$5,213.3	+21%	84.6	\$643.1	\$17.9	0.43	17,611	28,266	74
25	Marshall & Blesley Milwaukee, Wisconsin	\$4,507.7	-4%	40.5	—	—	—	33,220	35,088	75
26	SunTrust Bank Orlando, Florida	\$4,451.1	+17%	34.9	—	\$2.3	0.05	17,852	20,301	76
27	Heartland Bank St. Louis, Missouri	\$3,250.0	+650%	55.2	\$371.0	\$38.0	0.63	16,400	16,400	77
28	Fleet Bank Providence, Rhode Island	\$3,125.4	+20%	25.5	\$68.8	\$4.0	0.10	18,201	20,321	78
29	Union Bank of California San Diego, California	\$2,478.8	+13%	14.1	—	\$13.8	0.35	10,208	12,165	79
30	First Chicago NBD Troy, Michigan (11)	\$2,414.9	+18%	17.4	\$277.6	\$0.5	0.01	21,039	21,039	80
31	Universal Savings Milwaukee, Wisconsin	\$2,256.5	+32%	27.8	\$359.8	\$82.3	2.55	33,598	33,598	81
32	Imperial Bank Redondo Beach, California	\$2,248.7	+19%	22.0	\$20.7	—	—	27,003	27,003	82
33	Bank of Hawaii Honolulu, Hawaii (12)	\$2,199.6	+20%	25.4	\$579.4	\$9.3	0.30	5,050	8,000	83
34	Humboldt Bank Eureka, California	\$2,171.7	+52%	29.4	\$588.2	—	—	62,349	62,349	84
35	Commerce Bank Kansas City, Missouri	\$2,166.0	+19%	39.7	\$325.0	—	—	9,700	12,300	85
36	Huntington Merchant Services (FDC 50%) Columbus, Ohio	\$2,046.9	+22%	23.7	\$2.4	\$3.2	0.07	10,380	14,567	
37	ACS Merchant Services Boulder, Colorado NB	\$1,832.4	+63%	14.2	\$366.5	—	—	29,740	29,740	
38	Branch Banking & Trust Wilson, North Carolina	\$1,701.4	+11%	17.7	—	\$1.6	0.05	19,598	19,598	
39	Summit Bank Hackensack, New Jersey	\$1,696.9	+5%	14.3	\$191.9	\$22.6	0.50	14,558	15,264	
40	First Security (FDC 50%) Salt Lake City, Utah	\$1,522.2	+12%	19.4	—	\$28.0	1.26	16,350	16,638	
41	BankBoston (FDC 50%) Dedham, Massachusetts	\$1,497.8	+28%	16.7	\$344.6	\$10.2	0.26	10,126	12,775	
42	Natl Bank of the Redwoods Santa Rosa, California	\$1,320.0	+47%	17.5	\$381.0	\$1.1	0.07	58,680	63,000	
43	Superior Bankcard Service Woodland Hills, California NB	\$1,200.0	+60%	16.0	\$291.6	\$1.0	0.07	58,000	62,000	
44	M&T Bank Buffalo, New York	\$1,012.5	+36%	9.2	\$46.0	\$0.7	<0.01	5,800	6,354	
45	Card Payment Systems New York, New York NB	\$1,000.0	+75%	12.0	\$300.0	\$150.0	2.00	14,000	14,000	
46	Compass Bank Birmingham, Alabama	\$958.4	0%	9.7	—	\$0.2	<0.01	5,370	7,754	
47	Old Kent Merchant Serv. (FDC 100%) Grand Rapids, Mich. (13)	\$942.0	+13%	10.3	\$150.0	—	—	8,000	8,300	
48	SouthTrust Bank Birmingham, Alabama	\$938.8	+7%	22.8	—	—	—	13,658	13,658	
49	Chittenden Bank Burlington, Vermont	\$925.5	-19%	10.5	\$16.4	—	—	10,048	10,048	
50	TermNet Merchant Services Atlanta, Georgia NB	\$908.6	-24%	12.2	—	\$1.6	0.03	6,590	8,596	

IT CONTRACTS RANKED BY BANK CARD VOLUME

Company, Headquarters	Bank Cards			Other Volume (mil.)	PIN Debit		Merchants	
	Volume (mil.)	Chg.	Trans. (mil.)		Volume (mil.)	Trans. (mil.)	Clients	Outlets
First National of DeKalb County, DeKalb, Ill.	\$750.0	+7%	9.3	—	—	—	28,000	28,500
First National, Houston, Texas	\$664.8	NR	9.6	\$162.8	—	—	18	19,454
Bank of Commerce, Lincoln, Nebraska	\$649.9	+12%	6.4	\$88.2	—	—	3,400	3,730
Bank of Beverly Hills, Calabasas, California	\$642.0	+386%	11.9	—	—	—	13,500	13,700
Centers, Memphis, Tennessee (14)	\$615.9	+87%	13.0	—	—	—	8,966	9,210
Agoura Hills, California NB	\$603.2	+7%	9.4	—	—	—	8,000	8,100
Exens, Roanoke, Virginia	\$597.8	+17%	7.7	—	\$0.5	0.02	6,595	7,140
Prings, Des Plaines, Illinois	\$576.9	+106%	8.9	\$106.9	\$8.0	0.27	15,968	15,968
Bank, Warwick, Rhode Island	\$558.2	+68%	5.2	\$4.8	<\$0.1	0.01	3,516	3,722
American National, Nashville, Tennessee	\$554.0	+6%	6.3	—	—	—	4,200	5,200
Bank of Alaska, Anchorage, Alaska	\$477.4	+9%	6.9	\$35.2	\$7.0	0.33	4,000	4,190
Bank, Monterey Park, California	\$446.2	+5%	4.2	\$62.3	\$3.2	0.13	2,233	3,167
Bank & Trust, Columbus, Georgia	\$434.6	-1%	5.7	—	—	—	5,200	5,739
Carolina B&T, Durham, North Carolina	\$407.0	+16%	4.2	—	—	—	5,160	5,160
First National, New Orleans, Louisiana	\$338.6	+19%	3.5	—	—	—	2,521	2,622
First National, Norman, Oklahoma	\$299.9	+7%	3.0	\$39.8	—	—	7,000	7,400
Bank & Trust, Union Park, Illinois	\$295.5	+11%	4.3	\$99.5	\$0.7	0.01	11,440	14,500
Bank, Wichita, Kansas	\$295.4	-3%	2.4	\$18.4	—	—	3,618	3,618
Bank and Trust, Altoona, Pennsylvania	\$286.8	+37%	11.4	\$43.3	\$8.5	0.66	3,500	3,600
Card Systems, Los Angeles, California NB	\$269.3	+13%	5.2	—	—	—	7,462	7,462
New Hampshire, Manchester, N.H.	\$260.0	+22%	2.8	\$29.0	—	—	3,584	3,589
Pacific, Agoura Hills, California NB	\$250.2	0%	8.4	\$22.7	—	—	266	266
Georgia, Falls Church, Virginia	\$249.1	+24%	2.1	\$30.1	—	—	3,137	3,606
Mississippi, Tupelo, Mississippi	\$247.0	+20%	5.5	\$38.1	—	—	2,950	3,626
Bank Trust, Wilmington, Delaware	\$218.3	+9%	1.9	\$2.4	—	—	1,945	2,123
Bank of Commerce, Germantown, Tenn.	\$207.1	+4%	3.1	—	—	—	2,654	3,000
Financial, Brattleboro, Vermont	\$180.0	NR	2.4	—	—	—	2,300	2,600
Key, Charleston, West Virginia	\$177.7	+44%	2.4	—	—	—	1,611	1,800
Bank National, Jackson, Mississippi	\$161.8	+6%	2.1	—	—	—	3,725	3,725
Heritage, Lewiston, Maine	\$137.7	+36%	1.6	\$15.1	\$0.1	<0.01	2,325	2,326
First National, Pine Bluff, Arkansas	\$99.1	+22%	1.3	—	—	—	4,869	4,869
Southern, Atlanta, Georgia	\$77.1	-1%	1.1	<\$0.1	—	—	544	693
Commonwealth Bank, Indiana, Pennsylvania	\$74.0	+25%	0.9	\$11.7	—	—	2,527	2,527
Bank, Oak Brook, Illinois	\$64.3	+33%	0.3	\$9.3	—	—	165	234
Bankier, Sioux Falls, South Dakota	\$63.3	+45%	0.6	\$1.4	\$0.3	<0.01	1,067	1,067
Total	\$669.23	+15%	10.7	\$53.6	\$26.5	0.8	2.5	3.5
	bil.		bil.	bil.	bil.	bil.	mil.	mil.

1998 prior year figures have been restated. FDC = Jointly owned by First Data Corp. with FDC's ownership in Nova = Jointly owned by Nova Info. Systems with Nova's ownership in parentheses. NB = Nonbank. NR = Not ranked last year. Other = American Express, Discover, Diners Club, and JCB volume. Figures are net (gross backs). (1) Includes First of America. (2) First Data owns merchant contracts but outsources management joint venture and alliance partners. (3) Does not include Mellon Bank, which it acquired in December 1998. (4) Includes PMT, CoreStates, First Nat'l of Commerce, and Bergen Bank. (5) Wells Fargo is majority owner and 71 to increase its ownership position. Includes Norwest. (6) Other 20% owned by Bank of America. BofA sold to FDC. Includes Barnett Bank and Boatmen's. (7) Owned by Concord EFS. (8) Includes Star Banc. (9) Includes business settled for TermNet. (10) Sold to Paymentech in December 1998. (11) Sold contracts for merchant to Banc One Payment Services in December 1998. (12) Has an alliance with First Data but First Data owns 100% of the merchant contracts. Estimate. (13) An alliance in which First Data owns 100% of the merchant contracts but shares revenues with the bank. (14) Includes Magna Bank. Omitted from totals to reporting: • Alliance Data & Card Payment Systems settled through NPC. • Electronic Card Systems & settled through Humboldt Bank. • ECHO settled through Imperial Bank. • Heartland settled through Tennessee. • Superior Bankcard Services settled through National Bank of the Redwoods. • Trustmark Bank settled through Imperial Bank & Columbus B&T.

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Acquirers (from page 1) ... increased their market share from 65.5% in 1997 to 67.7% in 1998. That share will actually reach 71.4% when recent acquisitions, those completed in the final days of 1998 and one recently proposed, are included — Mellon by Paymentech, First Chicago NBD by Banc One, and Paymentech by Banc One (see related article on page 1).

MARKET SHARE OF TOP 10

	1998	1997
Chase Merchant Services	16.15%	15.32%
NPC	11.22%	11.76%
First Data Merchant Serv.	7.61%	10.44%
Paymentech	7.53%	7.46%
Nova Information Systems	6.19%	2.63%
BA Merchant Services	4.93%	4.69%
National Data Corp.	3.81%	3.70%
Fifth Third Bank	3.67%	3.46%
Wells Fargo Merchant Serv.	3.43%	2.60%
U.S. Bank	3.19%	3.24%

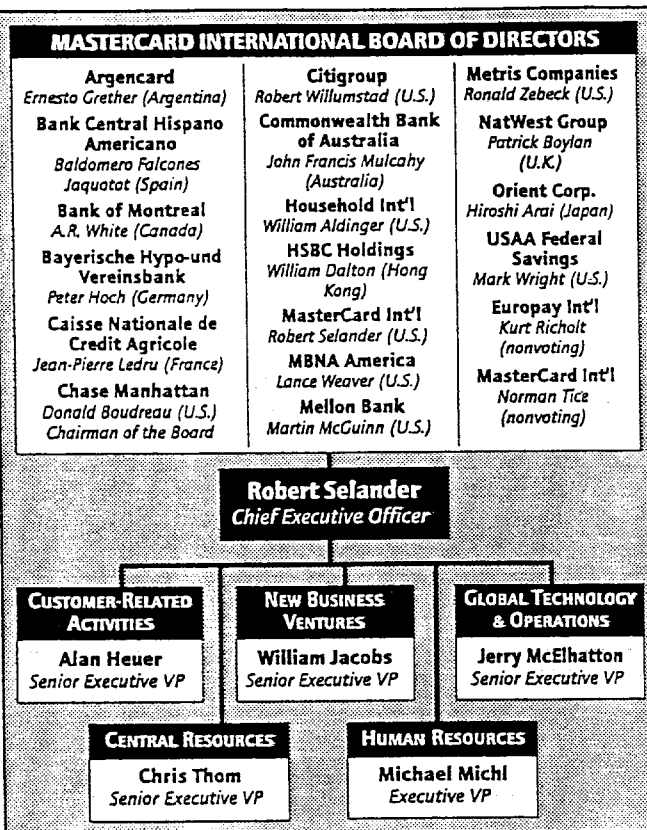
Total of U.S. region purchases of goods and services with Visa & MasterCard credit and debit cards was \$714.88 billion in 1998 versus \$612.93 billion in 1997.

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Strongest growth among the top ten occurred at Nova Information Systems which moved from 11th place to 5th place after taking over the portfolios of CoreStates, PMT, and First of Commerce. When Nova's majority ownership of two joint ventures (with Firststar and Keycorp) is added to the business it owns outright, it has a 7.8% share of the U.S. market.

First Data Corp. continued to dominate the acquiring side of the card industry with a 36% share generated by 11 portfolios of merchant card processing contracts that it either owns outright or jointly. That figure does not include Visa/MasterCard volume generated by transactions FDC handles as a third-party processor only. □

Fleet/BankBoston (from page 7) ... Bank of Montreal's Harris Bank subsidiary and First Annapolis, a consultancy/investment bank. Prior issues: 687, 684, 651 □

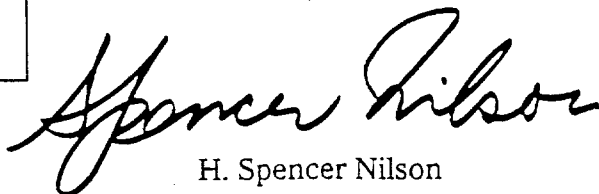


Outside the boardroom, executive staff has been reorganized. The number of people reporting directly to Mr. Selander has dropped from 11 to 5. Regional heads of the U.S. and Canada have been eliminated in favor of a single head for North America who has yet to be named. Two new positions have been created for liaisons with MasterCard's ten largest members – a group that includes Citigroup, MBNA, Credit Agricole, Household, Chase Manhattan, Bank One, NatWest, and Bank of Montreal. Although titles have not yet been given, the liaison positions will go to **Henry Mundt**, recent head of debit products, and **Gary Flood**, recent head of member relations. A liaison to association members ranked from 11th to 50th largest will also be appointed. All three people will report to Alan Heuer, the former head of the U.S. region. Also reporting to Heuer will be **Jean Rozwadowski**, new President of the Latin America and Caribbean region (replacing Richard Child who has resigned), **Donald Van Stone**, new President of the Europe/Middle East/Africa region (replacing Rozwadowski), and **Andre Sekulic**, who continues as President of the Asia/Pacific region.

MasterCard (from page 1) ... its top 70 members who generate 70% of its volume, including Citigroup which generates nearly 10%. It has reduced the number of voting members on its board of directors from 31 to 17 and disbanded its executive committee to eliminate a level of bureaucracy. By-laws have been amended so that policy changes, concerning global issuing and global acquiring for example, can be passed with a simple majority vote instead of a two-thirds majority. Changes were regularly slowed by lobbying, delays, and filibusters under the old arrangement, and responsiveness to the concerns of individual members was sometimes hampered by the fact that some of the 31 board members had little or no card-industry experience or even direct responsibility for the card unit at their banks. That is no longer the case with the 17 members who represent MasterCard's best chance, almost its last chance, at stopping Visa's steadily increasing market share.

Four Americans with votes on the board lost seats, as did four members from Asia/Pacific, three from Europe, one from Latin America, and one from Africa. The Chairman of the Board of Europay gave up his vote in favor of a bank in Spain. U.S. members (excluding MasterCard CEO Robert Selander) now represent 41.2%, up from 35.5%. Europe's representation increased slightly to 23.5% from 22.5%, Asia/Pacific dropped from 22.6% to 17.6%, Latin America slipped from 6.5% to 5.8%, and Canada rose to 5.8% from 3.1%. This mix could change if MasterCard succeeds in adding two non-U.S. banks currently on the board of Visa International. □

March 31, 1999


 H. Spencer Nilson