

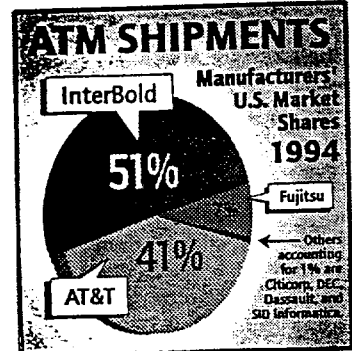
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THE NILSON REPORT

ISSUE
590

FOR 25 YEARS, THE LEADING PUBLICATION COVERING CONSUMER PAYMENT SYSTEMS WORLDWIDE

ATM SHIPMENTS IN THE U.S. Newly manufactured automated teller machines and cash dispensers shipped to the United States last year totaled 20,350, an increase of 41% or 5,907 units over 1993. Figures do not include ... (turn to page 5)



POSTAL CREDIT/DEBIT SERVICES The United States Postal Service handles more than one billion retail transactions annually that could be paid for with a credit or debit card. Acceptance of card payments at post offices ... (turn to page 7)

WELLS FARGO DROPS INTERLINK Visa was notified February 10 by Wells Fargo Bank that Interlink logos on 3.1 million Wells Fargo debit cards would be replaced with Maestro, MasterCard's international brand, and Explore, Star System's West Coast regional brand. Wells Fargo is ... (turn to page 10)

REMOTE PAYMENTS The consumer payment that is growing the fastest in the U.S. is the type originating from the home or office using a personal computer or touch-tone telephone. Volume totaling \$14.10 billion in 1994 was up 42% from the prior year. During the next six years, volume of remote payments is expected to increase to ... (turn to page 6)

GM CO-BRAND IN BRAZIL Banco de Boston and partner General Motors will spend \$5 million this year to advertise and promote new co-branded Visa cards. They expect to issue 400,000 by year-end and 800,000 within three years. GM cardholders get a 5% rebate on purchases that can be applied towards a new GM car. Redemption begins at ... (turn to page 9)

HYPERCOM SIGNATURE/PIN PAD The first terminal to capture the signature as well as the personal identification number of cardholders helps card issuers resolve disputed charges without ... (turn to page 5)

HIGH-FEE CARDS Wachovia Bank's "Prime for Life" standard card with a finance charge set at the prime rate has the lowest finance charge in the U.S. outside of short-term introductory offers, but the ... (turn to page 4)

DISCOVER VS. VISA Robert Bork, an antitrust scholar and former Washington D.C. Court of Appeals Judge, is new chief counsel for Dean Witter, Discover & Co. in litigation against Visa. Bork has ... (turn to page 4)

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ELECTRONIC CHECK COUNCIL has been created by the National Automated Clearing House Association to develop a system that will convert checks to electronic payments at the point of sale. Financial institutions, retailers, and third-party processors are eligible for membership. Elliot McEntee is CEO at NACHA, tel (703) 742-9190, fax (703) 787-0996.

INFINET PAYMENT SVCS., parent company of the NYCE EFT System, is exclusive licensee of Smart Pay Processing Co.'s bill payment products for the Northeast U.S. Steve Oetken is VP at Smart Pay, tel (402) 293-2100, fax (402) 293-1414. Richard Yanak is CEO at InfiNet, tel (201) 488-6111, fax (201) 488-8782.

PULSE and GULFNET EFT systems have signed a reciprocal sharing arrangement that opens each other's ATM and POS terminals to the other's cardholders. The systems will also work together on educational programs, security issues, marketing, product development, and research. Stan Paur is Pres. at Pulse, tel (713) 223-1400, fax (713) 216-6350. Del Tonguette is Pres. at GulfNet, tel (504) 643-5070, fax (504) 643-7005.

AMERICAN AUTOMOBILE ASSOCIATION and participating clubs plan to form a financial services company that will ultimately offer loan and deposit products through their own FDIC-insured institution. The bank will acquire the more than three million Visa/MasterCard accounts in AAA portfolios currently held by nine issuers. Jim Gudinas is Mng. Dir., tel (407) 444-7820, fax (407) 444-7817.

SIGNET BANKING CORP. has finished spinning off most of its credit card unit as Capital One Financial Corp. Customers in markets where Signet operates retail branches will stay in the bank's own card portfolio. Jack Klinck is VP at Signet, tel (804) 560-2540, fax (804) 560-2016.

CIRCUIT CITY has ordered 11,900 CM 2020 signature capture devices from Checkmate Electronics. John Neubert is SVP at Checkmate, tel (404) 594-6000, fax (404) 594-6006.

DAKOTAH DIRECT telemarketers are contacting Wells Fargo cardholders to offer a 9.9% finance charge on balance transfers until August. Wells sends a check payable to the cardholder. Michael Kuhn is Pres. at Dakotah Direct, tel (509) 624-2401, fax (509) 624-1505.

RENAISSANCE BANKCARD SERVICES secured card program pays agent banks a \$20 commission per approved account and \$3 per renewal. Agents pay a \$500 set-up fee, a \$500 MasterCard fee, 35¢ per card, and 7¢ per application. Karen Frolich is SVP at Renaissance Bankcard, tel (503) 245-9252, fax (503) 245-8373.

DELUXE DATA will install 266 InterBold i Series cash dispensers in Total Mart stores. Paul Schmelzer is VP at Deluxe, tel (414) 963-5339, fax (414) 963-5090.

"WORK NUMBER FOR EVERYONE," automated service from Talx Corp., allows lenders to confirm employment and salary information by phone, fax, or electronic data interchange. Employers and subscribers can contact Gary Been, Mktg. Mgr, tel (314) 434-0046, fax (314) 434-9205.

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

DIRECT DATA seeks **Manager Application Development**. Experienced Project Leader developing "C"-based programs for POS (Point-of-Sale) terminals. Must have 5+ years experience in the POS industry. Responsible for leading a team of applications programmers in development of specifications, QA testing and end user documentation, and overall quality of design and code for applications. Ability to organize, prioritize, and manage staff of programmers working on multiple projects. Includes ability to interface with sales staff and customers for technical support. Excellent inter-personal communication skills required. **Academic and Work Experience Requirements are:** bachelors degree in computer science; application development experience; and previous employee relation training or skills. **Additional Information:** Benefits package available. International travel may be required. Hours: 8:00 a.m. - 5:00 p.m., Monday - Friday. Hourly rate of compensation: Open. **Submit resume to:** Direct Data Inc., Attn.: Human Resources, P.O. Box 349, Hartland, WI 53029

... seeks **Senior Software Engineer**. Experienced POS (Point-of-Sale) Software Engineer with "C" programming within a multi-tasking environment. Knowledge of complete application development process a must, including application certification with processors.

Requires ability to organize and maintain multiple projects. Responsible for technical support of sales staff and customers. **Academic and Work Experience Requirements are:** bachelors degree in computer science, a minimum 3 years experience working on the POS industry and with "C" programming. **Additional Information:** Limited international travel may be required. Hours: 8:00 a.m. - 5:00 p.m., Monday - Friday. Hourly rate of compensation: Open. **Submit resume to:** Direct Data Inc., Attn.: Human Resources, P.O. Box 349, Hartland, WI 53029

WRIGHT EXPRESS CORPORATION, A SUBSIDIARY OF SAFECARD SERVICES, INC. seeks **Service Provider Merchant Manager**. This position will provide the qualified individuals with the opportunity to develop and manage service provider merchant relationships for the Wright Express universal commercial card. Ideal candidate will have national account selling and management experience at the Senior Management level with credit or oil/credit card background. Must have proven track record of contact negotiation skills. Qualified applicants may fax their resume and salary requirements to: (207) 791-1650. Address mailed responses to: Wright Express Corporation, 97 Darling Avenue, South Portland, ME 04106, Attn: Human Resources. EOE

CHASE FEDERAL BANK of Miami's "Florida card" is the first secured card product in the state to offer a car-rental liability waiver and \$150,000 travel insurance. Jose Ramirez is Credit Card Mgr. at Chase Federal, tel (305) 444-7700, fax (305) 461-0371.

DIEBOLD iq Systems PC-based POS software integrates credit and debit card processing with electronic benefits transfer, check verification/guarantee, and frequency marketing. Brad Green is Dir. Advance Card Systems at Diebold, tel (216) 489-4000, fax (216) 490-5041.

TEXACO stations in metro-San Diego have been signed by First Interstate to accept Interlink and Explore PIN-based debit cards. Eric Bell is VP at F.I., tel (213) 614-5132, fax (213) 614-3299. Ron Rossi is Mgr. Credit Card Devel. at Texaco, tel (713) 432-2233, fax (713) 432-6912.

EQUIFAX 1994 revenue of \$1.4 billion was up 16.8%. Operating income of \$214.1 million increased 27.8%. C.B. Rogers is CEO, tel (404) 885-8105, fax (404) 885-8988.

FEDERATED DEPARTMENT STORES has been using Heinrich Marketing to handle a direct marketing campaign for co-branded Visa cards offered to customers of Bloomingdale's and Lazarus stores. George Heinrich is Pres. at Heinrich, tel (303) 233-8660, fax (303) 233-4564.

CARD ESTABLISHMENT SERVICES is able to process enhanced POS data including sales tax, merchant types, zip code, freight, item quantity, and UPC codes for its merchants at honor procurement cards. Pat Ludwig is SVP at CES, tel (516) 843-6535, fax (516) 843-6839.

RESTAURANT CHARGE CARD company, the Calif. franchise of Transmedia known as Western Transmedia Co., netted \$2.2 million in its recent public offering. WT has signed more than 500 restaurants in the state to offer 25% discounts to over 55,000 cardholders. Stuart Pellman is Pres. at WT, tel (415) 397-3001, fax (415) 397-4443.

TRANSACTION NETWORK PLUS, INC., a subsidiary of Diversified Investors Corp., has signed a two-year contract with First Bank System to provide credit card authorization services in the New York metropolitan area. Charles Kell is CEO at TNPI, tel (609) 273-1177, fax (609) 273-8171.

GTE AIRPHONE has issued nearly 45,000 cards printed with a traveler's air call number, permitting calls to be made from the ground to airlines. Of 2,000 planes served by Airfone, over 500 can receive calls from the ground. Mark Schneider is VP, tel (708) 572-1800, fax (708) 572-0506.

GIESECKE & DEVRIENT "Ecological Cards" (ecards) are manufactured using amorphous polyester and contain no chlorine. More expensive than PVC type cards, ecards are being used for Germany's National Health Insurance Card. They are also available for single layer and multilayer laminated phone cards and bank cards. Anton Jager is Mktg. Expert, tel 49 (89) 411-9784, fax 49 (89) 411-9691.

DINERS CLUB "Pluricard" is being marketed to customers of Banco Di Napoli, Italy's sixth largest bank. The card is a combination check-guarantee, ATM, and credit card. Annual fee is \$88. Andrea Cenciarelli is Co-Branding Mgr. at Diners, tel 39 (6) 357-5328, fax 39 (6) 322-6265.

EXECUTIVE TELECARD's agreement with Telefonos de Mexico provides ET and partner cardholders with the ability to place phone calls within and from Mexico. Daryl Engelman is COO at ET, tel (303) 691-2115, fax (303) 692-0965.

NETWORK INTERNATIONAL, subsidiary of Emirates Bank, is issuing the first co-branded card (Visa) in the Middle East region. Partner Gulf News is an English-language newspaper. Anis Al Jellaf is Chairman, Network International, tel 971 (4) 256-900, fax 971 (4) 256-552.

BARCLAYCARD "NetLink" program advertises commercial and consumer card products on the Internet. Roger Alexander is Mng. Dir. of Emerging Markets, tel 44 (604) 252-138, fax 44 (604) 252-531.

BANCO INBURSA is marketing a co-branded Visa card with Mexico's largest general merchandiser, Sanborns, and the country's top cellular phone company, Telcel. Jose Ignacio Zorilla is Dir. Card Svcs. at Inbursa, tel (525) 281-5522, fax (525) 281-5150.

MANAGEMENT CHANGES

Jeffrey Koo, Chairman and CEO of ChinaTrust Commercial Bank, has been elected to the Board of Directors at Maestro International, tel (886) 271-63047, fax (886) 271-24800.

J. Robert Potts has been appointed Chief Executive at Barclaycard, tel 44 (604) 253-387, fax 44 (604) 252-531.

Francois Dutray, formerly of Sligos, has been appointed Group Executive Vice President at Visa International, tel (415) 432-3183, fax (415) 432-8136.

Roderick Mack has been appointed Senior Vice President System Development at MasterCard International, tel (314) 275-6790, fax (314) 542-3899. **Robert Burke** has retired as Chairman of Bank of New York (Delaware).

Mike McEvoy, former CEO of Quest EFT network, has been appointed Senior Vice President Product Development at National City Processing, tel (502) 364-2852, fax (502) 364-2398.

Robert Gilson, formerly of National City Bank, has been appointed Executive Director of the Smart Card Forum, tel (813) 286-2339, fax (813) 281-8752.

CONFERENCES & SEMINARS

AIC'S 2ND ANNUAL CO-BRANDED, LOYALTY & AFFINITY CARDS: May 22-23, Harrington Hall, London, England. Reg. \$1,150. Est. attend. 150+. Call Charlotte Stone, tel 44 (71) 242-2324, fax 44 (71) 242-2320. **AIC'S DEBIT, PREPAYMENT CARDS AND THE ELECTRONIC PURSE:** June 7-9, World Trade Center, Johannesburg, South Africa. Reg. \$792.30. Est. attend. 100. Call Tim Lewin, tel 27 (11) 463-2802, fax 27 (11) 463-6000.

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ALMASH GROUP CONSULTANTS Computer models developed by John Almash, former Sr. VP Global Planning and Information Services at MasterCard, can be used to forecast card volume and outstandings. One model is based on an evaluation of the general mood of consumers and their spending habits, as well as on a historical analysis of economic factors such as unemployment, inflation, and savings. A second model provides a macroeconomic and issuer-specific analysis of factors affecting growth in volume and outstandings. A third model segments individual accounts based on their contribution to outstandings growth and profitability. Almash can also develop programs to increase spending on existing accounts and attract new ones. The Almash Group, Inc. is in Ossining, New York, tel (914) 944-8156, fax (914) 944-8168. Prior issue: 552 □

HIGHEST ANNUAL FEES FOR GENERAL-PURPOSE CREDIT CARDS IN THE U.S.

Issuer	Product Type	Fee	Finance Charge
American Express	Platinum	\$300	None
American Express	Gold (Corporate)	\$100	None
Wachovia	Gold	\$98	Prime
Wachovia	Standard	\$88	Prime
Diners Club	Standard	\$80	None
American Express	Gold	\$75	None ¹
American Express	Std. (Corporate)	\$55	None
American Express	Standard	\$55	None ¹
Frequent Flyer Cards			
American Express	Gold ²	\$125	None
First Chicago	Gold ³	\$100	Prime + 9.9%
Citibank	Gold	\$85	Prime + 9.4%
First Bank	Gold (Corporate)	\$75	Prime + 9.75%
Marine Midland	Gold	\$75	Prime + 9.9%
Chase Manhattan	Gold	\$65	Prime + 9.4%
First Chicago	Gold ⁴	\$60	Prime + 9.9%
Bank One	Gold	\$55	Prime + 9.75%
NationsBank	Gold	\$55	Prime + 9.9%
Secured Cards			
Best Bank	Standard	\$95	9.9% fixed
Best Bank	Standard	\$95	12.9% fixed
First Premier	Standard	\$95	13.9% fixed
Calif. Commerce	Standard	\$80	12.0% fixed

1. No revolving credit but "Sign & Travel" lets cardholders receive charges for lodging and travel-industry purchases at prime + 9.9%. 2. "Rewards Plus" gives frequent travelers membership miles and bonus miles on airlines and hotels. 3. Nonpremier. 4. Premier for cardholders who have flown 25,000 miles on United Airlines in one year.

High Fees (from page 1) ... annual fee of \$88 (\$98 for gold) makes it the most expensive unsecured standard bank card to obtain. **Frequent flyer cards**, which let cardholders accumulate points for free airline travel, charge high fees to cover the cost of buying mileage from cooperating airlines. First Chicago's gold frequent flyer card co-branded with United Airlines is just \$2 more than "Prime for Life Gold." **Secured cards** typically charge a high finance charge to cover the risk of extending credit to consumers who do not meet minimum credit requirements for unsecured credit cards. Those listed here charge below average finance charge rates but higher than average annual fees.

Of the 21 high-fee general-purpose credit cards listed here, six are issued by American Express. Most Amex consumers pay the high up-front fee because they expect better customer service and enhancements than they would get from cards with low or no fees. The Platinum Card, introduced in 1984, has 235,000 cardholders that generate \$70.5 million in annual fee income and over \$100 million in revenue from merchant discounts because their spending is way above average.

The highest annual fee charged for any credit card in the world is \$395 for Europay International's "Signia" with a minimum \$50,000 credit line. First to issue Signia was private bank Coutts & Co. in the U.K. Nine more members of Europay will issue Signia this year. Prior issues: Card Rates 579 Signia 576 □

Discover vs. Visa (from page 1) ... received a 45-day extension of the deadline for filing a petition with the U.S. Supreme Court. Dean Witter now has until April 20 to request a review of the case lost to Visa in the Denver's 10th Circuit Court of Appeals. If it files before the deadline, Visa will have until May 20 to argue against Supreme Court consideration.

Bork's involvement raises the profile of Dean Witter's case and the possibility of being considered by the highest court because of its antitrust implications and relation to joint

ventures. Cases are accepted by the Supreme Court only if at least four of the nine judges are in favor of a review. If accepted, this case could not be heard before the court's next session beginning in October. If Visa ultimately loses, the decision would: (1) allow Dean Witter to issue the "Prime Option" Visa card it wanted to introduce through its MountainWest subsidiary in March 1991 — providing other existing Visa rules (or new ones that could be enacted) wouldn't prevent it ... (2) expose Visa to payment of damages for keeping MountainWest from issuing the Prime Option card over the last four years ... (3) give MountainWest full membership in MasterCard ... (4) allow American Express, an ally of Dean Witter in this case, to become a member of both Visa and MasterCard. Prior issues: 585, 580 □

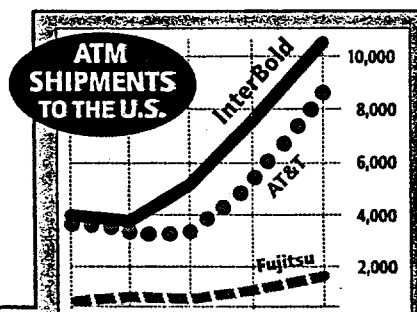
Hypercom (from page 1) ... having to request copies from the merchant. Cardholders use a regular ballpoint pen to sign a receipt clipped onto the terminal's pressure-sensitive window. The terminal digitizes the signature so it can be sent to the merchant processor and stored along with other transaction data. When issuers request information about a disputed item, they get immediate on-line response from the processor. Model CS7 connects to electronic cash registers and other retail systems. Hypercom also has software that lets processors create a storage and retrieval system with personal computers or client/server software.



HYPERCOM is the world's second largest POS terminal manufacturer. Shipments to 32 countries last year totaled 318,000 units including 180,000 in the U.S. Revenues from POS hardware and telecommunications networking for the fiscal year ending June 30 are expected to be in the \$200-million range, up about 28%. Al Irato heads Hypercom in Phoenix, Arizona, tel (602) 866-5399, fax (602) 866-5380. Prior issues: Hypercom 586, 574 Signature Capture 551, 516 □

ATMs (from page 1) ... shipments of previously owned units refurbished to operate "like new" or other units upgraded by owners to perform superior to the original machine.

InterBold continued to supply the most new machines in the U.S. market with shipments up 34%, not counting strong results in its upgrading program. AT&T Global Information Solutions (formerly NCR) improved its share, while Fujitsu's share declined despite its best year ever in shipments. Other manufacturers included Transaction Technology Inc. (TTI), owned by Citicorp, whose units are supplied only to Citicorp branches, and Digital Equipment Corp. (DEC), whose machines are manufactured in France by the Siab joint venture of Olivetti and Bull. New to the U.S. were Dassault of France and SID Informatica of Brazil, which shipped a few units on a trial basis. Prior issues: 573, 571



ATMs vs CDs. Of the 20,350 newly manufactured units shipped, 10,752 (53%) were full-service automated teller machines and 9,598 (47%) were limited-function cash dispensers. Most of the units shipped by InterBold, Fujitsu, DEC, Dassault, and SID were cash dispensers. Most of the units shipped by AT&T and Citicorp were full-service ATMs. Prior issues: InterBold 584, 579, 573 AT&T 585 Fujitsu 574 □

Manufacturer	1990	1991	1992	1993	1994	vs. 93
InterBold	3,940	3,858	5,346	7,784	10,415	+34%
AT&T	3,850	3,655	3,500	5,374	3,294	-39%
Fujitsu	780	850	800	1,200	1,450	+21%
Citicorp TTI	197	154	77	78	122	+57%
DEC	0	0	0	12	52	+317%
Dassault	0	0	0	0	5	NR
SID	0	0	0	0	2	NR
TOTAL	8,802	8,527	9,723	14,443	20,350	+41%

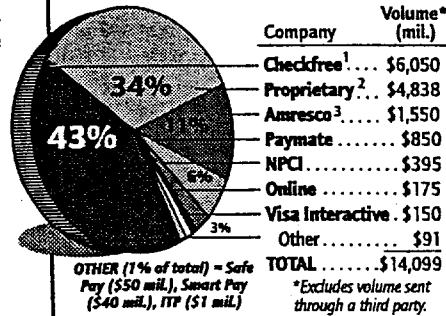
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Remote Payments (from page 1) ... \$189 billion, making its share of the market for all payment methods (including cash, checks, credit cards, money orders, travelers cheques, and food stamps) comparable to debit cards at about 3%. Contributing strongly to this growth is the increasing popularity of personal computers — over 30% of American homes have them. Users of remote payments make about ten transactions per month. Transactions not processed in-house by banks operating proprietary systems are handled by remote payment originators (service bureau specialists) listed here.

Debiting of a consumer's account is settled in three ways: (1) via electronic funds transfer systems that debit the customer in an on-line mode ... (2) via an automated clearing house (ACH) system that electronically debits the customer's deposit account in a batch mode ... (3) via the Federal Reserve's check clearing system, a paper-based process that involves creating a check drawn on the deposit account of the customer or service bureau.

Crediting of a biller's account is handled: (1) through an ACH ...

REMOTE-PAYMENT ORIGINATORS Market Shares of 1994 Volume



1. Includes MasterCard volume and commercial and consumer payments. 2. Systems owned and operated by banks. 3. Includes commercial and consumer payments.

(2) through MasterCard Processing Service. Federal Reserve often using the method which is on a service bureau payments for dozens of consumers.

Despite severe allegations of patent infringement, methods are developed for a system that only one competitor if they had than acting as an exempt Citibank industry. Online type of transaction in real time using 578, 575, 574, 561

CHECKFREE SUES NATIONAL PAYMENT CLEARINGHOUSE INC.

Checkfree filed suit in Federal District Court in Columbus, Ohio in January, charging National Payment Clearinghouse Inc. with patent infringement. Both companies act as service bureaus paying bills for consumers who transmit data by personal computer or touch-tone telephone. Checkfree's patent represents an effort to protect its \$100-million investment in development of several innovations it claims were not previously used by anyone in the industry to automate a high-quality, bank-independent bill payment system.

CHECKFREE, founded in 1981, has been processing electronic bill payments since 1989 — last year it processed payments to over one million separate businesses. Checkfree's service bureau consists of: (1) a database of consumers' financial accounts; (2) a database of billing entities; (3) a central processing unit; (4) software that processes instructions from the consumer; (5) a means of paying the billing entities using funds from a consumer's account; (6) a means of selecting a preferred form of payment (such as electronic funds transfer, credit card, check, or ACH file); and (7) the ability to determine the form of payment based on dollar limits. Hugh Hester, VP of Checkfree Banking Services, tel (614) 825-3008, fax (614) 825-3244. Prior issues: 578, 546.

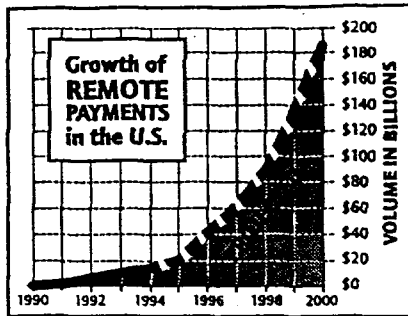
NPCI has been handling remote payments electronically since 1987, four years before Checkfree filed for its patent. With litigation still in the discovery phase, NPCI has not yet learned how its allegedly infringing software, a subsidiary of mutual owner of Checkfree's personal finance software, allegedly obtained customers' account information. NPCI's largest client is Citicorp. When NPCI's contract with Checkfree expires this summer, NPCI will be switching the business. Checkfree has been getting more clients from NPCI. Checkfree's patent is intended to cover the type of business processors will handle from: (1) software for managing personal finances that generates transactions independent of any involvement of the consumer's bank; (2) software for managing personal finances; (3) software for managing personal finances; (4) software for managing personal finances. NPCI is a subsidiary of National Payment Clearinghouse Inc. in Downers Grove, Illinois, tel (708) 852-4700, fax (708) 852-5544.

CITIBANK SETTLES

Both companies act as service bureaus paying bills for consumers who transmit data by personal computer or touch-tone telephone. Checkfree's patent represents an effort to protect its \$100-million investment in development of several innovations it claims were not previously used by anyone in the industry to automate a high-quality, bank-independent bill payment system. Citicorp has been handling remote payments electronically since 1987, four years before Checkfree filed for its patent. With litigation still in the discovery phase, Citicorp has not yet learned how its allegedly infringing software, a subsidiary of mutual owner of Checkfree's personal finance software, allegedly obtained customers' account information. Citicorp's largest client is Citicorp. When Citicorp's contract with Checkfree expires this summer, Citicorp will be switching the business. Checkfree has been getting more clients from Citicorp. Checkfree's patent is intended to cover the type of business processors will handle from: (1) software for managing personal finances that generates transactions independent of any involvement of the consumer's bank; (2) software for managing personal finances; (3) software for managing personal finances; (4) software for managing personal finances. Citicorp is a subsidiary of National Payment Clearinghouse Inc. in Downers Grove, Illinois, tel (708) 852-4700, fax (708) 852-5544.

MasterCard's Remittance Service ... (3) through the check system, most check and list" draft drawn sure... s account settles dozens or even hundreds.

Several recent lawsuits intent violation and the more litigation over affecting design of terms of processing, and security of messages, remote pay-veloping quickly. Checkfree, the leading originator of remote olds a new patent that, among other things, claims protection that analyzes the customer's credit history on file before to clear and settle debits and credits. Checkfree has sued petffor so far, but others listed here could eventually be tar-handle payments from individual consumers directly rather s an agent of a bank. Financial institutions operating propri- s (exclusively for their own customers) will supposedly be bank holds 41 patents that could impact the remote payment line Resources has been issued a patent that could apply to any action generated from the home or office and debited on-line using an electronic funds transfer system. Prior issues: 583, 561, 557, 556, 552, 546, 541, 511 □



FILES WITH ONLINE RESOURCES

en-based or "smart" to them as well as to per- both companies operate ser- bills for customers. istry's most controversial sued Online over another not related to a method of remote device itself. vember 1994 against the Eastern District of holding company holds 41 could impact the remote Three of these patents es covering: (1) remotely arrays... (2) remote sens-) the use of soft keys on l. Terms of the settle- o continue to sell its same price it had been ment is unaffected by the Gaspard is President at Monica, California. 314-5301

ONLINE RESOURCES PATENT

A patent issued July 1993 to Online has not yet been challenged at the patent office, and the real test of validity and coverage of the patent won't come until it is enforced by a court of law. Online's patent covers all kinds of terminals in the home or office (PC-TV, touch-tone phone, smart phone) that generate a real-time on-line debit transaction through any kind of EFT network, and could include consumer and corporate bill payment, stocks, and orders for goods or service. Online has set a licensing fee of less than 0.5¢ per transaction in volume and has met with several companies. Four licenses have been signed, but no agreements have been made public. Remote payment service bureau processors such as Visa Interactive, Paymate, etc. and Smart Pay may have to deal with Online. Matthew Lawlor, CEO of Online Resources in Vienna, Virginia, tel (703) 442-4646, fax (703) 442-1610. Prior issues: 578, 556, 546

Postal Service (from page 1) ... began with a test of credit cards in 1981. Separate debit card tests began in 1988. Tests of both types of cards in 550 post offices, begun 20 months ago, were recently completed by National Data Corp. Cards accounted for less than 2% of retail sales in NDC's test but that was without publicity. With advertising and promotional support from Visa, MasterCard, and regional debit systems, up to 15% or more of retail transactions could eventually migrate to card payments.

Only debit cards will be accepted for money orders or COD (cash on delivery) mail. This is because credit card discounts for money orders could go higher than the 85¢ charged by the Postal Service for orders of up to \$700. In addition, Visa and MasterCard's tough charge-back rules for transactions involving cash would make the Postal Service too vulnerable to losses from fraud. Prior issues: 581, 550

NATIONS BANK/NaBANCO. A three-year, \$48.5-million contract for setting up the credit and debit card acceptance program has been awarded to NationsBank with NaBanco, owner of the world's largest portfolio of merchant card processing contracts, acting as a third-party service bureau providing all processing and settlement functions. NationsBank is the country's eighth largest acquirer of merchant card processing contracts and the largest acquirer of card business involving federal agencies connected to the U.S. Treasury's Plastic Card Collection Network (PCCN). NationsBank supplies card services to all naval hospitals, the National Park Service, and all U.S. military commissaries worldwide. It uses NaBanco as a subcontractor for card business with the Department of Veterans Affairs and ... (turn to page 9)

THIRD 50 BANK CREDIT CARD ISSUERS IN THE U.S. — 1994

Issuer, State of issuance	Type	'94 Rank	'93 Rank	Active Accounts	Total Accounts	Credit Cards	Visa Cards	MasterCard Cards	Charge Volume	Outstandings
Zion's First National Utah	CB	103	104	73,376	121,115	136,577	79,395	57,182	\$221,008,334	\$91,299,506
Integra Bank Pa.	CB	104	110	73,269	103,205	194,728	83,484	111,244	\$183,762,905	\$140,846,864
Central Carolina Bank Co.	CB	107	114	68,535	85,582	119,341	54,914	64,427	\$225,282,787	\$165,536,526
Ohio Savings Bank Ohio	TH	108	95	63,587	91,673	94,073	66,354	27,719	\$86,762,589	\$92,970,587
Golden Credit Union Calif.	CU	109	105	63,023	77,688	94,192	92,752	1,440	\$143,999,790	\$94,339,968
Boeing Employees CU Wash.	CU	110	116	62,163	73,939	108,063	108,063	0	\$247,781,761	\$115,667,459
Trustmark National Miss.	CB	111	117	60,865	82,276	111,241	48,518	62,723	\$133,660,353	\$65,675,251
Central Bank La.	CB	112	111	60,279	97,216	112,013	92,084	19,929	\$149,066,178	\$77,755,403
Fidelity National Co.	CB	113	127	59,913	103,614	111,552	94,342	17,210	\$139,958,254	\$110,361,110
Abbott Bank Nev.	CB	114	102	59,245	109,992	111,012	68,538	42,474	\$155,413,577	\$54,229,355
Key Federal Savings Md.	TH	115	118	58,800	71,383	70,856	45,560	25,296	\$76,827,396	\$48,277,685
Carolina First Bank S.C.	CB	116	184	57,835	89,554	54,464	54,464	0	\$121,921,389	\$89,332,473
Southern National N.C.	CB	117	138	57,061	97,373	107,414	98,668	8,746	\$132,634,327	\$69,747,607
Wilmington Trust Del.	CB	118	123	51,887	64,846	97,269	93,509	3,760	\$162,939,441	\$66,104,790
Nordstrom National Colo.	NB	119	—	51,200	64,000	95,360	95,360	0	\$44,800,000	\$21,440,000
Fulton Bank Pa.	CB	120	124	50,999	73,522	98,317	59,957	38,360	\$113,701,681	\$31,720,735
United Bank Card Ohio	CB	121	125	50,000	81,000	121,500	79,000	42,500	\$116,504,900	\$61,915,337
1st Financial Bank SD	CB	122	156	49,570	76,706	51,460	33,374	18,086	\$47,474,000	\$24,996,000
Teachers Credit Union Ind.	CU	123	130	49,318	62,894	81,872	74,719	7,153	\$117,622,141	\$91,854,648
First Nat'l Bank of Ohio Ohio	CB	124	121	49,014	75,030	97,762	95,223	2,539	\$141,411,259	\$66,019,832
Nat'l Bank of Commerce Tenn.	CB	125	113	49,000	978,000	94,000	42,000	52,000	\$137,000,000	\$72,000,000
Desert Schools Federal Ariz.	CU	126	147	46,794	49,101	68,025	68,025	0	\$96,057,441	\$51,866,917
Jax Navy Federal CU Fla.	CU	127	136	46,187	67,297	99,906	78,500	21,406	\$99,962,940	\$67,658,467
Orange Co. Teachers CU Calif.	CU	128	153	45,262	56,939	78,539	66,473	12,066	\$146,687,956	\$75,247,857
Standard Federal Bank Mich.	TH	129	135	45,010	89,740	88,000	88,000	0	\$130,650,000	\$65,500,000
Dauphin Deposit Pa.	CB	130	129	44,954	68,346	74,546	39,693	24,853	\$85,281,974	\$43,373,082
First NH Bank N.H.	CB	131	131	44,826	67,906	71,860	39,523	32,337	\$115,273,354	\$63,864,000
Penn State Employees CU Pa.	CU	132	148	44,497	66,098	98,099	98,099	0	\$138,433,144	\$72,489,019
Oak Brook Bank Ill.	CU	133	134	42,340	61,848	82,123	82,123	0	\$176,282,151	\$60,133,124
One Valley Bank Va.	CB	134	141	42,109	63,255	71,555	15,242	56,313	\$136,400,000	\$112,405,117
First Western Bancorp Pa.	CB	135	137	41,662	62,577	93,866	67,584	26,282	\$85,854,000	\$39,411,812
Security Service FCU Tex.	CU	136	144	40,784	53,252	78,095	64,797	13,298	\$126,840,305	\$66,162,095
Citizens Equity FCU Ill.	CU	137	149	39,920	49,900	65,369	65,369	0	\$97,440,000	\$51,000,000
Security National Del.	CB	138	139	38,990	61,650	65,620	52,000	13,620	\$80,511,000	\$51,866,000
Hughes Aircraft FCU Calif.	CU	139	160	38,664	48,472	61,349	45,170	16,179	\$119,168,627	\$68,719,786
Pateco Credit Union Calif.	CU	140	151	37,989	48,396	63,496	63,496	0	\$165,599,522	\$99,918,128
DC Capital Financial Tenn.	NB	141	128	37,843	72,838	69,582	69,582	0	\$245,185,171	\$127,731,515
Dearborn FCU Mich.	CU	142	140	36,587	50,224	67,005	67,005	0	\$116,863,500	\$42,445,000
Citizens Bank Ind.	CB	143	157	36,406	42,143	57,293	45,093	12,200	\$78,874,000	\$33,099,000
California Commerce Calif.	CB	144	150	36,000	40,000	48,800	34,500	14,300	\$70,500,000	\$34,000,000
San Diego County CU Calif.	CU	145	155	35,759	42,077	55,000	55,000	0	\$95,122,777	\$47,633,248
Superior Foods CU Pa.	CU	146	152	35,160	45,168	53,550	48,770	4,780	\$95,135,014	\$51,330,472
Nat'l Bank of Alaska Alaska	CB	147	152	35,143	41,471	54,035	54,035	0	\$114,410,101	\$46,113,227
Provident Bank Ohio	CB	148	227	35,050	56,100	81,350	66,950	14,400	\$68,800,000	\$44,100,000
Westland Federal CU Pa.	CU	149	146	34,498	43,183	57,680	57,680	0	\$92,707,953	\$51,935,093
Wells Fargo Bank Pa.	CB	150	103	34,474	79,980	106,241	106,241	0	\$73,729,065	\$39,009,405

TOTALS THIRD 50 1994 2,513,488 3,548,395 4,548,485 3,003,251 1,545,234 \$6,676,949,062 \$3,538,436,276

Type — CB — commercial bank, NB — nonbank, TH — thrift, CU — credit union

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Postal Service (from page 7) ... a dozen other agencies. NationsBank and Mellon Bank have contracts with the Treasury Dept. through 1998 to be exclusive prime contractor. The Postal Service card contract is not part of the Treasury's PCCN. Prior issues: 533, 524, 522

VERIFONE. The Postal Service contract calls for the installation of 50,000 VeriFone-manufactured terminals in 33,000 Postal Service locations over the next two years, beginning this spring in Seattle, San Diego, and Denver. Terminals will accept Visa, MasterCard, Interlink, Maestro, and regional EFT system debit card brands such as MAC, Explore, NYCE, and Most. Discussions are underway with American Express and Discover. The Postal Service contract is the second largest ever awarded to a terminal manufacturer, trailing only the single purchase order given two years ago to NaBanco's sister company, Microbit, to supply 250,000 authorization-only terminals to Discover Card Services. □



TRIUMPH SOFTWARE FOR AMEX American Express is the latest licensee of "Triumph" card processing software, developed by Banc One in 1993 in cooperation with Andersen Consulting. Amex will use Triumph to authorize transactions, capture data, manage records, bill cardholders, market products, manage fraud and collections, and provide customer service. Other licensees include Barclays Bank (U.K.), Banamex (Mexico), GZS (Germany), and CSG Card Services (U.S.). Banc One Financial Card Services uses Triumph to manage 8.0 million general-purpose and private-label credit and debit cards. Of another 12.8 million accounts managed by FCS, most will be on Triumph by year-end. Kevin Kessinger is CEO, Banc One Financial Card Services in Columbus, Ohio, tel (614) 244-7343, fax (614) 244-8699. Prior issues: 587, 578, 576, 537, 505 □

GM Co-Brand (from page 1) ... \$170 with a maximum of \$4,250 over five years. Brazilians with monthly incomes of at least \$1,000 can call a toll-free phone number to apply for the card. Brazil is the fourth country where GM has co-brands tied to the sale of automobiles. Other countries are: the U.S., where GM has sponsored a MasterCard program since September 1992 ... Canada, where it has sponsored a Visa program since May 1993 ... and the U.K., where it has sponsored a Visa program since January 1994. Prior issues: 584, 558, 550, 548, 543, 541



BANCO DE BOSTON, with 30,000 cardholders in Brazil, will spend \$12 million and hire 350 new employees to support the GM card operation. The bank issues co-branded cards with United Airlines and others in Argentina, Brazil, Chile, and Uruguay. Antonio Carlos Maia is Head of Consumer Credit at Banco de Boston in Sao Paulo, tel 55 (11) 249-5622, fax 55 (11) 249-5479. Prior issue: 585

BRAZIL's population of 160 million is the largest in Latin America, but its 9 million Visa and MasterCard cards accounted for just 16% of Latin America's total bank card volume at year-end, up from 10% in 1993. Problems with inflation and currency fluctuation have kept the country lagging behind Mexico and Argentina in card issuance. But those conditions are improving. Currency has become stable, inflation has fallen dramatically, and a purchasing boom is in progress. Merchants are also becoming more receptive to card payments. Combined volume for Visa and MasterCard grew 300% over the past six months. Gross bank card volume in 1994 reached \$7.10 billion, up 93%. Based on ... (turn to page 10)

GM Co-Brand (from page 9) ... fourth quarter sales, Brazil has replaced Argentina as Visa and MasterCard's second largest Latin America market. Prior issues: 579, 564, 557, 537, 533, 501 □

Wells Fargo (from page 1) ... also pulling out of Visa's international automated teller machine program, replacing the Plus brand logo with MasterCard's Cirrus logo on the Interlink debit cards, on another 1.7 million debit ATM cards tied to savings accounts, and on 4.1 million Visa and MasterCard credit cards. Interlink will remain the nation's largest electronic funds transfer system by far, but without Wells Fargo as its second






largest contributor of transactions behind Bank of America, transaction volume won't grow this year. Prior issue: 589

Wells Fargo debit cards generated 21 million PIN-based point-of-sale transactions last year — equal to 13% of Interlink's total. Most of this year's transaction volume will go to Explore. Some will be retained by Wells Fargo at its own merchant terminals and some will go to Maestro. Wells Fargo's 3,000 merchants will begin acquiring Maestro transactions and continue to acquire Interlink and Explore transactions. Wells Fargo's switch from Interlink to Explore/Maestro distinguishes it from top California rivals and fellow Interlink founders Bank of America and First Interstate, although those two also acquire Maestro and Explore business.

AFFILIATIONS. Wells Fargo was a founding member of Interlink in 1983 and stayed with the system for three and a half years after Visa acquired that brand in October 1991. It has been an equity member of Star System since 1991 for ATM sharing in California, Oregon, Washington, Utah, Arizona, Nevada, and Hawaii. Affiliation with MasterCard dates back to 1967 when Wells Fargo became a founding member of Western States Bankcard Association which adopted the

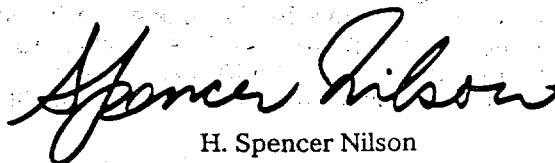
Master Charge brand to combat Bank of America's BankAmericard brand in the West. In 1969, the Master Charge brand was acquired by Interbank which became MasterCard. BankAmericard became National Bank Americard Inc. (NBI), forerunner of Visa. Wells Fargo joined Visa in 1977, becoming a "dual issuer." Wells Fargo's President Bill Zuendt recently completed two terms as Chairman of MasterCard International's Board of Directors and remains a board member. Debra Rossi is Senior VP at Wells Fargo Bank in Walnut Creek, California, tel (510) 746-4120, fax (510) 295-1213. □

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How Wells Fargo's decision will affect electronic funds transfer systems in the U.S. this year.	
WINNERS	
 REGIONAL POS SYSTEM	Will add 17 million transactions up 24% over '94 total of 70.4 million Will add 3.1 million cards up 21% over '94 total of 15 million
 MASTERCARD ATM SYSTEM	Will add 9 million transactions up 3% over '94 Cirrus/MC total of 300 mil. Will add 8.9 million cards up 3% over '94 total of 300 million
 MASTERCARD POS SYSTEM	Will add 2,000 transactions up 2% over '94 total of 90,000 (est.) Will add 3.1 million cards up 26% over '94 total of 12 million
LOSERS	
 VISA POS SYSTEM	Will lose 21 million transactions down 13% from '94 total of 163 million Will lose 3.1 million cards down 10% from '94 total of 30 million
 VISA ATM SYSTEM	Will lose 8 million transactions down 2% from '94 Plus/Visa total of 384 mil. Will lose 8.9 million cards down 4% from '94 total of 240 million

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