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THE NILSON REPORT

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687

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

DEBIT CARDS | **AT THE POINT OF SALE IN THE UNITED STATES — 1998**

Visa/MasterCard Issuers The \$85.45 billion worth of debit card purchases of goods and services cleared within the Visa/MasterCard systems ... (turn to page 8)

Shared Regional EFT Systems Twenty-four shared regional electronic funds transfer systems and two national electronic funds transfer ... (turn to page 6)

PIN vs. Signature Verification Debit cards issued by financial institutions in the United States at the end of 1998 totaled 206.3 million. All of these ... (turn to page 6)

VISA TECHNOLOGY FUND Financial institution members of Visa International are being offered the opportunity to invest from \$5 million to \$50 million in a pool of venture ... (turn to page 4)

AMER. BANKERS INSURANCE TO FORTIS The Dutch-Belgian banking, insurance, and financial investment products group will pay \$2.6 billion in cash to acquire all outstanding ... (turn to page 9)

ATM/CD SHIPMENTS — U.S. Twelve firms shipped a total of 47,333 newly manufactured automated teller machines and cash dispensers to the U.S. market last year, a decline ... (turn to page 10)

BOUQUETS TO BARTMANN? Regardless of problems caused by the failure of Bill Bartmann's Commercial Financial Services, many segments of the credit card industry in the ... (turn to page 10)

ALSO INSIDE: Self-Service Payment Terminal — 4 Companies with Corporate Venture Capital Programs — 4 Fast Facts & Job Mart — 2, 3

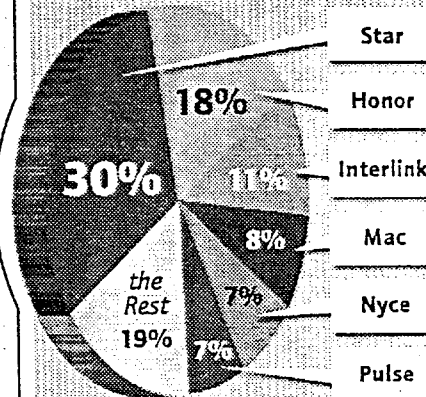
TOP VISA / MASTERCARD ISSUERS

Point-of-Sale Debit Volume (Billions)

Bank of America	\$15.14
Bank One	\$7.01
Wells Fargo	\$6.48
First Union	\$5.30
Merrill Lynch	\$4.81
US Bancorp	\$2.78
PNC	\$2.54
Fleet	\$2.18
Chase	\$2.01
Wachovia	\$2.00

SHARED REGIONAL EFT SYSTEMS

POS Transaction Market Shares



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FAST FACTS ▾ **FAST FACTS** ▾ **FAST FACTS** ▾ **FAST FACTS** ▾ **FAST FACTS** ▾ **FAST FACTS**

MASTERCARD INTERNATIONAL will reduce from 31 to 17 the number of voting members on its Board of Directors. Nine of the seventeen will be from outside the U.S.

TRANSACTION SYSTEMS ARCHITECTS has acquired approximately 72% of the outstanding shares of Insession whose ICE software lets Tandem computers exchange data with mainframe systems. TSA's Tandem-based ATM and POS software (Base 24) works with ICE. William Hoelting is VP at TSA, (402) 390-8990, fax (402) 390-8077.

IMALL, provider of Web storefronts and comprehensive shopping-cart tools, will acquire for around \$6.2 million in stock, Pure Payments, provider of payment services linking Internet merchants to transaction processors and their card/check clearing networks. Jeffrey Lipp is CEO at PP, (415) 247-7911, fax (415) 278-9518. Richard Rosenblatt is CEO at iMall, (310) 309-4000, fax (310) 309-4100.

TELECHECK, First Data Corp.'s check-authorization unit, has acquired assets of ATA Information Systems, a company that links billers in the recurring payments industry to automated clearing houses and bank card networks. Steve Shaper is CEO at TeleCheck, (713) 331-7603, fax (713) 331-7114. Eric Roehl is Pres. at ATA, (847) 559-1990, fax (847) 559-1414.

EQUITEX and **RLG HOLDINGS** have formed FirstNet Capital, a joint venture to collect portfolios of charged-off consumer debt. RLG also took an option to convert its share of FirstNet profits into Equitex common stock. John Cahill heads Equitex, (404) 264-1555, fax (404) 264-0150. Robert Goldberg is CEO at RLG, (561) 995-2229, fax (561) 995-7579.

MBNA AMERICA will acquire the 200,000-account/\$103-million Visa/MasterCard credit card portfolio of First Virginia Bank. Richard Struthers is Sr. Vice Chair. at MBNA, (302) 453-6350, fax (302) 432-0264. Jeffrey Tansill is EVP at First Virginia, (703) 533-6112, fax (703) 533-6197.

SEARS, ROEBUCK will pay \$72 million in cash and coupons to 11 million credit card accounts to settle a class-action lawsuit alleging that the retailer raised finance charge rates after transferring ownership of accounts to its credit card bank despite informing customers it would not.

COMDATA, a unit of Ceridian Corp., has acquired majority interest in prepaid card (magnetic stripe-based) specialist Stored Value Systems. SVS had been a wholly owned subsidiary of National City Corp. Tony Holcombe is Pres. at Comdata, (615) 370-6905, fax (615) 376-8788. Tom Ross is VP at SVS, (502) 326-4625, fax (502) 326-4644.

JCPENNEY, owner of the third largest retail card portfolio in the U.S., will install Fair Isaac's Triad software to improve account management and customer service. Triad combines behavior scoring, adaptive control software, and strategy consulting. Rodney Carter is Dir. Credit at JCP, (972) 960-4615, fax (972) 531-5850. Len Mowat is Retail Mktg. Mgr. at FI, (415) 491-5291, fax (415) 529-7094.

VERIFONE will continue to be a wholly owned subsidiary of Hewlett-Packard after HP splits into two companies.

HNC SOFTWARE has dropped plans to acquire Open Solutions Inc. Michael Nicastro is VP at Open Solutions, (860) 652-3155, fax (860) 652-7482. Ray Thomas is CFO at HNC Software, (619) 546-8877, fax (619) 452-3220.

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

CARD MANAGEMENT CORP. Midwest service provider specializing in bankcard, private label and debit card support for a variety of financial institutions is seeking a **Service Manager**. This position is responsible for directing the operations of the Merchant Services, Data Entry and Lockbox Operations areas with a staff of approximately 20 full-time employees. We are seeking someone with a strong background in the operations activities associated with the acquiring side of the bankcard business who also possesses good management and analytical skills. The Service Manager will be responsible for working with our acquiring clients on growth and profitability initiatives, staying current with merchant processing technology, meeting departmental financial and service level goals, developing budgets and working with other departments to support client and staff needs. This position requires a four year degree and a minimum of 5 years of experience in the acquiring side of a bankcard operation. Please fax resume to the attention of Human Resources at Card Management Corp., (812) 421-2828.

MEHTA CONSULTING is a nationwide executive search firm focused exclusively in the credit industry. We are seeking **Manager - Credit Underwriting** for a client in New York. The selected candidate will design, develop, and implement credit card issuance policies, processes, and initiatives to increase profitability and market share. Specific initiatives will include instant application approval development (including Internet applications), and the development of a Risk Underwriting MIS platform. Requirements include business analysis, project management, communication and manage-by-influence skills, and proven ability to drive cross-functional projects to completion. MBA/advanced degree preferred. For confidential consideration, please contact Mr. Narinder Mehta. Phone: (732) 793-0108. Fax: (732) 793-9599. Email: nkmehta@aol.com.

GOLDEN STATES PLASTICS Plastic card manufacturer in Los Angeles area seeks seasoned **Professional Sales Representative** with experience in unsecured plastic cards industry. Good salary and commission. Fax resume to (818) 771-0809, Attention: VP Sales.

FAST FACTS ▾ **FAST FACTS** ▾ **FAST FACTS** ▾ **FAST FACTS** ▾ **FAST FACTS** ▾ **FAST FACTS**

GMAC-RFC, a subsidiary of General Motors Acceptance Corp., will acquire American Financial Consultants and Triad Financial Services — buyers of charged-off card loans and distressed consumer assets. John O'Shea is SVP at Triad, (612) 854-5432, fax (612) 858-5276. Nathan Kornfeld is Principal at RFC, (914) 467-7887, fax (914) 467-7890.

EQUIFAX and **HNC FINANCIAL** will release Gemini Verify Score, an application fraud risk predictor which combines identification authorization with neural network technology in the second quarter. Alec Smythe is SVP at Equifax, (404) 885-8792, fax (404) 885-8872. Michael Thiemann is Pres. Fin. Solutions at HNC, (619) 546-8877, fax (619) 799-8398.

CBQ, developer of an Internet-based marketplace that connects bidders to sellers, has acquired Priority One, an Internet-based payment processor. Michael Sheriff is CEO at CBQ, (972) 732-1100, fax (972) 732-1169. Sidney Lieberman is Chairman at Priority One, (717) 627-5600, fax (717) 627-5454.

BANK OF AMERICA has settled out of court a class-action lawsuit brought by shareholders in what had been its majority-owned BA Merchant Services subsidiary. In effect, the settlement raised to \$333 million (from \$252 million) the amount BofA paid to acquire all outstanding shares in BAMS it did not already own.

IVI CHECKMATE, card/check terminal transaction systems vendor, has signed a reseller agreement with Kyrus, the largest remarketer of IBM's point-of-sale systems. Frank Pepe is VP at Kyrus, (864) 244-7051, fax (864) 292-6807. John Neubert is EVP at IVIC, (770) 594-6000, fax (770) 594-6019.

THE FEDERAL DEPOSIT INSURANCE CORPORATION could not find a buyer for more than 500,000 subprime card accounts it inherited after Colorado bank officials shut down BestBank. The FDIC plans to close the accounts and sell \$240 million in outstandings. Diane Jackson is Loan Specialist at FDIC, (972) 761-8220, fax (972) 761-8241.

SHARED INFORMATION SYSTEMS provides Internet/mail-order/direct marketing merchants with a card and check fraud/credit risk prevention database. Risk Management Systems has acquired exclusive rights to offer that database to transaction processors/acquirers. Steve Peisner is CEO at SIS, (818) 878-9700, fax (818) 878-9979. Catherine Boyer is Dir. Sales at RMS, (310) 235-2500, fax (310) 235-2507.

WELLS FARGO is testing long-distance calling services from IDT as an enhancement for its credit card customers. Toll-free access numbers are printed on stickers affixed to cards. Leisa Peterson is Business Benefits Manager at Wells Fargo, (415) 222-1525, fax (415) 291-8052. Ed Miller is VP Corp. Sales at IDT, (201) 907-5394, fax (201) 692-3439.

FIRST CREDIT SOLUTIONS, a division of Midland Financial, specializes in purchasing and collecting charged-off credit card debt. David Bufton is SVP, (918) 665-5600, fax (918) 665-5656.

INTERNET AG, provider of Internet access, Web storefronts, firewall systems, and more, will distribute Hypercom POS systems in Germany. Andrew Tiedeman is Mng. Dir. at Internet AG, 49 (69) 272-020, fax 49 (69) 272-02222. Rob Meli is Mng. Dir. at Hypercom Europe, 44 (1483) 718-600, fax 44 (1483) 718-601.

XTRANET SYSTEMS has increased to 80% its ownership in Internet/hospitality industry card processor DataBank Int'l of Mexico. William Shaw is CEO at Xtranet, (714) 430-9200, fax (714) 430-9210.

CAPITAL ONE, 7th largest U.S. bank credit card issuer, will hire 1,200 people by the end of 2000 to support its European operations center in Nottingham, U.K. The company will invest \$83 million. Rob Habgood is Mng. Dir., 44 (171) 543-2900, fax 44 (171) 543-2955.

EXCALIBUR TECHNOLOGIES develops software for search and retrieval of information from paper documents, text, images, video, etc. for use on Intranets, LANs/WANs, Xtranets, and the Internet. Europay uses Excalibur to deliver marketing, security, and other information to its members. Ian Fletcher is Sales Mgr. at ET, 44 (1344) 893-444, fax 44 (1344) 893-666.

MDC COMMUNICATIONS, whose businesses include secure card manufacturing, check printing, and payment processing, now trades on the NASDAQ exchange under the symbol MDCA. Miles Nadal is CEO, (416) 960-9000, fax (416) 960-9555.

JCB, SANWA BANK, and MASTERCARD have purchased equity positions in the Mondex franchise in Japan. There are now 15 Mondex franchises in Asia. Yuko Ochi is Div. Mgr. Japan at Mondex, 44 (171) 557-5017, fax 44 (171) 557-5217. Masahiro Shibata is Asst. GM at Sanwa, 81 (3) 525-21505, fax 81 (3) 321-56409. Atsushi Gondo is SVP at JCB, 81 (3) 525-91239, fax 81 (3) 525-91258.

AMERICAN EXPRESS is marketing an affinity card in Australia in partnership with World Wide Fund for Nature. A percentage of charge volume is donated to WWFN. Barry Arnold is SVP at Amex, 61 (2) 927-12655, fax 61 (2) 927-11484.

MANAGEMENT CHANGES

Robert Willumstad, head of global consumer lending at Citigroup, will join MasterCard International's Board of Directors, (212) 793-8950, fax (212) 793-8906. **Hiroshi Arai**, President at Orient Corp., will join MasterCard International's Board of Directors, 81 (3) 398-92241, fax 81 (3) 595-80749. **John Chaney** has resigned as President of the Information Mgmt. Group at First Data Corp. **Michael Diamond**, formerly at American Express, has been appointed CEO at Access America Financial Group, (954) 965-1038, fax (954) 965-1490. **Brent Bowen**, formerly at Schlumberger, has been appointed Pres. at American Banknote Card Serv., (609) 273-1177, fax (609) 273-8171.

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SELF-SERVICE PAYMENT TERMINAL

A new terminal and service from Electronic Transactions and Technologies allows card-activated shopping and bill payments from home or office, and at public locations such as waiting rooms. Current tests are underway at American Airlines' Admirals Club in the San Jose Airport and at a variety of locations in the Los Angeles area. To place an order, the customer inputs the product code and price from special merchandise catalogs, then inserts a credit or debit card. Transactions are routed to a data center in North Carolina to verify inventory is in stock. ET&T deducts a percentage of each purchase as its service fee.



Development of the terminal and current tests have been supported by ET&T which is interested in partnerships that will expand business applications of the terminal and enable volume manufacturing. Likely uses would be for: purchasing, bill payment, donations, and sending self-service Western Union-type cash transfers. Outside the U.S., the terminal will handle self-service pay-per-play gaming transactions for which ET&T's principal partner is eConnect, an Internet start-up. Harry Hargens, who launched Omron's U.S. point-of-sale terminal business in 1982 and has since held roles at VeriFone, Honor, and National Data Corp., has been retained as acting President in Atlanta, (770) 471-4944. Tom Hughes is Chairman in Palos Verdes, California, (310) 541-4393, fax (310) 377-0816. □

COMPANIES WITH CORPORATE VENTURE CAPITAL PROGRAMS

The old in-house *research and development* model which served industry for most of the 20th century has now been augmented by a new *acquisition and development* model under which successful established corporations invest in entrepreneurs working on cutting edge technologies. A&D allows for access to a larger talent pool, is fast to respond to innovation, is a more efficient use of investment funds, and involves less risk of missing out on immediate access to the best technology because investments can be made at the same time on several promising technologies.

Corporate venture capital programs are becoming a necessity in high-tech industries where dozens of companies manage funds in excess of \$100 million. Microsoft's investment

program exceeds \$3 billion. Early or late stage strategic investments are a hedge against the uncertainties associated with in-house research and development departments where a shrinking talent pool (as more people pursue the wealth potential in entrepreneurial ventures) must overcome the hindrances of

Microsoft	\$3,000 mil.
Intel	\$750 mil.
MCI Worldcom	\$500 mil.
AT&T	\$350 mil.
Softbank	\$320 mil.
Siemens	\$300 mil.
Quark	\$200 mil.
Lucent	\$100 mil.
Novell	\$100 mil.
AOL	\$100 mil.
Texas Instruments	\$100 mil.
Knight Ridder	\$100 mil.
Nokia	\$100 mil.
Oracle	\$100 mil.
Comcast	\$100 mil.

Others: Cisco, 3Com, Compaq, Ameritech, Motorola, GE, Adobe, Hewlett-Packard.

currently have access to so much venture capital, results are rapid in product development and deployment.

corporate bureaucracies. There is a high risk associated with betting on one internally developed technology when a faster, cheaper alternative could come along at anytime from one or more outside companies, and because so many creative entrepreneurs

Visa Technology Fund (from

page 1) ... capital called the Visa Technology Fund. Visa International will be the general partner with bank contributors holding limited partnerships. Financial gains will be distributed on a pro rata basis with Visa receiving a general partner share. There are no restrictions on the number of financial institutions within a country or region who can contribute.

Visa Technology Fund is designed to give members early access to the research and development efforts of entrepreneurial firms in the U.S., Israel, India, and other countries, firms that are likely to deploy technologies that will impact the banking industry.

Visa staff will define key macro trends in the high-tech sector in general and in the payment systems industry in particular. After identifying promising companies, they will perform due diligence and structure the investment — typically noncontrolling equity positions in return for preferred stock.



Visa International has already had great success with a venture capital program in place since 1994. The association has used \$30 million from its capital base to invest in 19 companies — 11 in the U.S. and 8 outside. Visa holdings have a current market value of over \$400 million — a return of better than 225% per year.



Eight of those investments were infrastructure-related, selected to serve Visa's core payment system business. They include for-profit merchant acquiring companies in Brazil, Peru, and Jordan, and Proton World (Visa's largest single investment), a smart card technology company based in Belgium that developed the most widely used "electronic purse" technology in the world.



Eleven investments were technology-related including Ariba Technologies and Extensity, software firms that create applications to support Visa commercial cards ... CyberSource, an electronic commerce payments/fraud detection service bureau ... Epiphany, a data mining/customer information systems company



... Nuance, a speech-recognition company ... Open Market, a vendor of electronic commerce server software ... Trintech, a leading provider of Internet



payment processing software ... VeriSign, a vendor of electronic-commerce security software ... and Yahoo, an Internet portal. Three companies — VeriSign, Yahoo, and Open Market —



have generated a gain for Visa in excess of \$200 million from a \$3.2 million investment.

The value of investing early in a strategic-technology company or electronic-commerce



marketing alliance is also clear to other card companies. Visa sometimes bids to become an investor in a particular company against American Express, which has its own investment program. The stakes continue to rise. By investing in Yahoo early on, Visa received preferred stock and an exclusive relationship with the company. When



Yahoo wanted to change that exclusivity, Visa received more stock. Early investment has also given the Visa brand prominence on Yahoo's home page, shopping portals, search engine, and directories. At current advertising rates, another card company would have to pay Yahoo \$558 million over the next three years to buy the coverage Visa is getting for free based on the association's original equity investment.

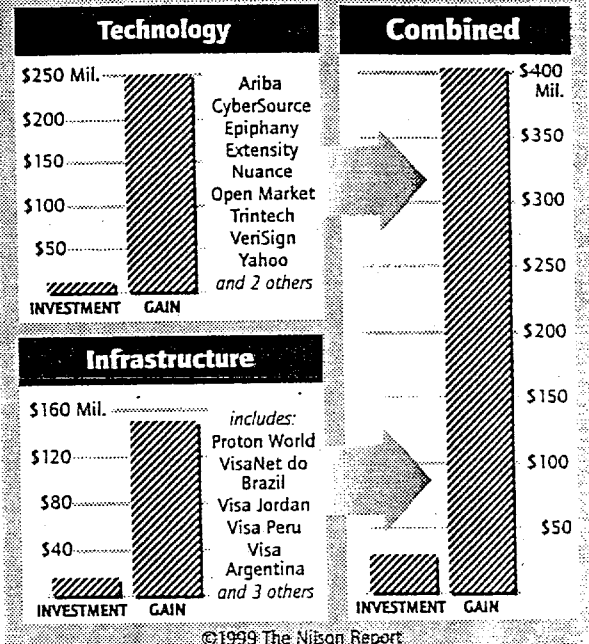


Visa Technology Fund presents an opportunity for members to leverage Visa's dominant position in payment systems, and recognizes the effect technology will have on the banking industry. It will also enable Visa to subsidize research and development by generating income from investments rather than from member assessments. If Visa had taken warrants in VeriFone in the early 1980s after paying in advance for all the dial-up card-authorization terminals not yet manufactured by Bill

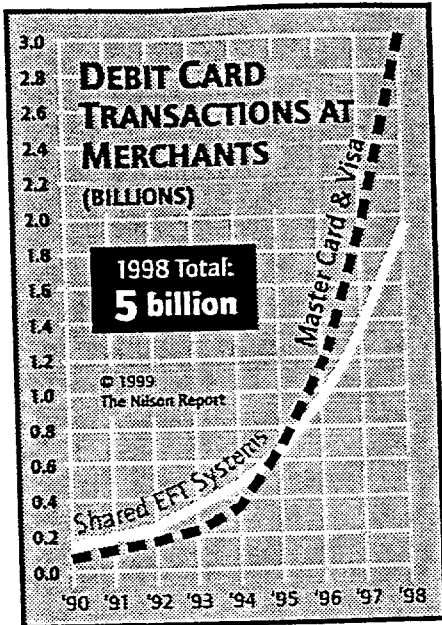


Melton's start-up company, it would have realized a stunning return on its investment when that company was acquired for \$1.18 billion by Hewlett-Packard in 1997. Todd Chaffee, Executive VP at Visa International, will be Managing Director of Visa Technology Fund in Foster City, California, (650) 432-2469, fax (650) 432-5768. □

VISA STRATEGIC INVESTMENTS



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Verification (from page 1) ... cards can be used to obtain cash from automated teller machines when used with personal identification numbers to secure the transaction. The same cards can also be used to make payments at U.S. merchants who have installed point-of-sale terminals with PIN-pads. Terminals are connected to 26 shared regional and/or national electronic funds transfer systems whose identifying logos (Star, Nyce, Mac, etc.) appear on the back of the card.

About half of those same cards also display logos of Visa and MasterCard on the front of the card, and can be used at Visa/MasterCard

MAR SPEN
ON DEE
CARDS
THE PO
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Propriet
Systems

© 1999 The

Shared Regional Systems (from page 1) ... systems (Interlink United States switch PIN-based debit card transactions between institutions and merchant outlets. Last year, transactions increased and services and/or receive cash from the merchant's till to

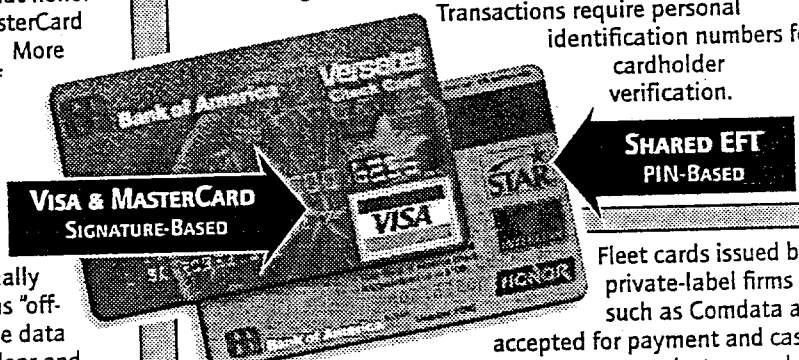
37% from 1.1. Dollar volume totalled \$64. the prior year for 85% of total

The range of shared systems merchant outlets from the prior year its market share to 30.2% from 17.2%. The two systems company, called more than 48% of transaction **Interlink** (operations decreased reporting B activity, a 50% share to Although place A Conco its share 8.4%. increased 6.7%. and M ranked eight Prior issue.

"Check Card" and "MasterMoney" cards issued by members of the bank card associations are accepted at all merchants that honor Visa and MasterCard credit cards. More than 96% of these debit card transactions are authorized on-line, although they are usually referred to as "off-line" because data needed to clear and settle purchases are transmitted in a second message after the authorization request has been made. Personal identification numbers (PINs) are not used at merchants, even though these same cards could generate transactions for shared regional EFT systems at merchants where PINs are required.

Cards are issued by financial institution members of shared regional switches, led by Star, Honor, Mac, Nyce, and Pulse, and by the two national switches (Visa's Interlink and MasterCard's Maestro). All information needed for authorization, clearing, and settlement is contained in a single data message sent on-line in real time at the time of purchase.

Transactions require personal identification numbers for cardholder verification.

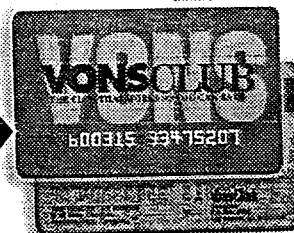


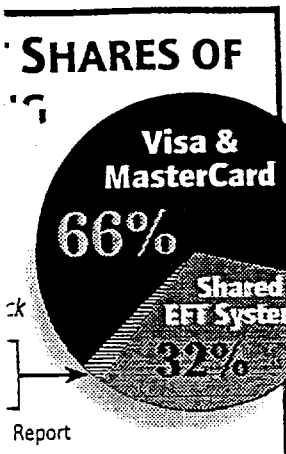
VISA & MASTERCARD
SIGNATURE-BASED

SHARED EFT
PIN-BASED

Fleet cards issued by private-label firms such as Comdata are accepted for payment and cash back with or without PINs at truck stops and selected gas stations. Transactions are authorized against the issuer's negative file. A second message for settlement is transmitted to the card issuer within 5 days. Cards issued by a few supermarkets, led by Vons in California, and by gasoline retailers including Exxon and Mobil, are accepted only at the issuer's own outlets. Transactions are authorized against each issuer's negative file. A second message for settlement is transmitted to an automated clearing house within 5 days.

PROPRIETARY
SIGNATURE OR PIN-BASED





merchants worldwide who accept as verification of the cardholder's identity a comparison of the signature on their sales slip with the signature that appears on the back of the card. In the United States, Visa and MasterCard debit cards look exactly like credit cards. Many of the large financial institution owners of Visa and/or MasterCard, including Bank of America, Bank One, Chase Manhattan, and Citigroup, also have major equity positions in one or more of the shared regional EFT systems.

How each debit card transaction will be authorized, cleared, and settled is determined by the merchant's acquiring processor and by the data encoded in the magnetic stripe when the card is swiped through the terminal. That data is routed to the issuing financial institution or its cardholder processor, either through the networks of Visa or MasterCard or through the networks of the shared regional/national systems. □

and Maestro) in the financial to purchase goods 1.91 billion, up lion in 1997. purchases and cash lion, up 33% from rchases accounted olume.

of the top five transactions at ere unchanged ar. *Star* improved of total transactions 3%. *Honor* e to 17.9% from at merger of those give the new com- Holdings, more N-based POS e U.S. Third place y Visa) transac- % since it stopped f America's on-us that dropped its % from 15.3%. nsactions at fourth ecently acquired by 5) increased 26%, pped to 7.7% from place *Nyce* share to 7.1% from rger between *Nyce* Magic Line), est, is pending.

SHARED REGIONAL & NATIONAL EFT DEBIT CARD SYSTEMS — U.S.
RANKED BY PIN-BASED TRANSACTIONS AT THE POINT OF SALE — 1998

Rank '98/'97	Brand/ Headquarters	Point-of-Sale Transactions (mil.)	Chg.	Point-of-Sale Volume (mil.)	Chg.	Cards (000)	Terminals	Outlets
1 1	STAR California	576.00	+42%	\$20,750.0	+48%	27,200	670,000	223,000
2 2	HONOR Florida	342.07	+43%	\$9,596.2	+12%	45,000	425,000	110,000
3 3	Interlink California ¹	203.77	-4%	\$5,545.0	-16%	40,000	1,302,269	394,627
4 4	MAC Delaware	146.75	+26%	\$6,831.2	+26%	40,000	515,000	283,000
5 5	NYCE New Jersey	135.00	+45%	\$6,253.4	+54%	31,100	312,000	165,000
6 6	Pulse Pay Texas	131.19	+50%	\$4,066.8	+50%	22,000	160,978	115,911
7 7	Accel Washington ²	74.55	+30%	\$2,460.3	+30%	12,916	62,000	14,220
8 8	ML Pay Michigan	37.41	+32%	\$842.4	+32%	15,900	168,908	30,058
9 10	Cash Station Illinois	24.50	+40%	\$980.0	+47%	6,000	30,000	18,000
10 9	X-Press 24 Mass.	22.60	+29%	\$1,092.9	+45%	1,642	27,500	3,190
11 11	TYME Wisconsin	18.10	+18%	\$669.7	+10%	3,250	16,380	4,120
12 12	SHAZAM Iowa	14.67	+48%	\$452.5	+50%	4,025	13,452	9,151
13 17	AFEN Florida	11.93	+377%	\$475.0	+265%	10,250	6,300	2,100
14 13	Money Station Ohio	7.22	0%	\$299.0	+3%	6,000	33,000	2,900
15 14	Jeanie Ohio	4.18	+24%	\$167.1	+24%	5,200	42,422	5,769
16 15	Alaska Option Alaska	3.96	+30%	\$158.3	+74%	388	1,393	756
17 16	MPact Texas	3.50	+29%	\$85.5	+21%	2,650	3,700	1,250
18 19	NetWorks Nebraska	2.23	+13%	\$79.6	+25%	1,510	1,800	1,006
19 18	Money/Handibank N.M.	1.95	-13%	\$27.5	-48%	2,128	3,287	956
20 21	TX Massachusetts	1.30	+1%	\$28.1	+4%	1,000	3,000	1,500
	Other ³	144.7	+131%	\$4,105.0	+119%			
	TOTALS ⁴	1,907.6	+37%	\$64,965.5	+33%	206,250	2,399,000	851,000

1. Bank of America on-us transactions counted in prior years as Interlink are now counted with "Other." 2. Includes Instant Teller in California. 3. OTHER includes smaller systems such as Islepay in Hawaii, Presto in Florida, Maestro (nationwide), Money Center 24 in Illinois, Express Teller in Minnesota, and Link in Indiana. It also includes "on-us" transactions captured before they reach the switch by a financial institution that issues cards and operates terminals including Wells Fargo, Bank of America, Texas Commerce, Mellon Bank, Nat'l Bank of Alaska, Zions, Bank One, U.S. Bancorp, Key Bank, and Michigan National. Cards, terminals, and outlets are counted with figures supplied by the shared system to which they belong. 4. Removed duplication from cards, terminals, and outlets. 5. Includes 2% of transactions that were cash only (no goods/services were purchased). 6. Includes \$9.91 bil. in cash back.

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Visa/MasterCard Debit (from page 1) ... by the 200 financial institutions listed below was generated by 70.0 million cards. Industry leader Bank of America, a combination of the old BofA and NationsBank, issued the most debit cards at more than 12.1 million and had the

VISA & MASTERCARD DEBIT CARD ISSUERS IN THE U.S. 1998 — RANK

Rank	Issuer, Headquarters	Volume* (mil.)	Cards (000)	Type	Rank	Issuer, Headquarters	Volume* (mil.)	Cards (000)	Type	Rank	Issuer, Headquarters	Volume* (mil.)	Cards (000)	Type
1.	Bank of America Calif.	\$15,141.5	12,101	V	54.	LaSalle FSB Illinois	\$224.0	248	V	107.	Colorad			
2.	Bank One Ohio (1)	\$7,014.0	4,333	V/M	55.	Golden 1 CU California	\$218.6	84	V	108.	First Inc			
3.	Wells Fargo California (2)	\$6,480.0	6,772	V/M	56.	Bank of Oklahoma Okla.	\$212.3	137	V	109.	OneVal			
4.	First Union North Carolina	\$5,300.0	2,900	V	57.	Columbus B&T Georgia	\$205.1	213	V	110.	Central			
5.	Merrill Lynch New Jersey	\$4,814.5	2,155	V	58.	Wilmington Trust Delaware	\$199.0	124	V	111.	Visions			
6.	US Bancorp Minnesota	\$2,776.0	2,183	V	59.	Investors Fid. Trust Md. (7)	\$196.0	64	V/M	112.	Space C			
7.	PNC Bank Pennsylvania	\$2,541.0	1,850	V	60.	UMB Bank Nebraska	\$194.3	154	V	113.	Affinity			
8.	Fleet Financial (3) Mass.	\$2,176.7	1,538	V/M	61.	Commercial Federal Nebraska	\$192.2	92	V	114.	Alaska			
9.	Chase Manhattan N.Y.	\$2,010.3	2,364	M	62.	Arizona FCU Arizona	\$190.2	91	V	115.	Mercan			
10.	Wachovia North Carolina	\$2,000.0	1,400	V	63.	Webster Bank Connecticut	\$176.4	174	V	116.	Virginia			
11.	National City Ohio	\$1,919.0	1,816	V	64.	Trustmark National Miss.	\$168.7	167	M	117.	First Ha			
12.	BankBoston Mass.	\$1,753.0	1,110	M	65.	Zions Bank Utah	\$165.1	176	V	118.	ENT Fed			
13.	Wash. Mutual Wash. (4)	\$1,539.3	3,264	V/M	66.	Bellco First FCU Colorado	\$162.0	85	V	119.	Eastern			
14.	KeyBank Ohio	\$1,500.0	1,530	M	67.	Patelco CU California	\$158.4	81	V	120.	Gov't Er			
15.	Travelers Bank Delaware	\$985.8	298	M	68.	Security Service FCU N.J.	\$158.3	131	M	121.	Intrust			
16.	SunTrust Georgia	\$902.0	851	V	69.	America First CU Utah	\$156.5	109	V	122.	Citizen			
17.	Firstar Wisconsin (5)	\$892.8	917	V/M	70.	Fidelity Trust Utah	\$140.8	113	V	123.	South C			
18.	Summit Bank New Jersey	\$889.6	695	V	71.	Nat'l Bank of Commerce Tenn.	\$138.9	110	V	124.	F&M Ba			
19.	Huntington National Ohio	\$847.2	526	V	72.	Keystone Financial Pa.	\$135.3	116	V	125.	Travis F			
20.	TCF Bank Minnesota	\$835.6	774	V	73.	Wilmington Savings Delaware	\$128.0	47	V	126.	First Co			
21.	California Federal Calif. (6)	\$676.4	382	V	74.	Suncoast Schools CU Florida	\$127.1	109	V	127.	West S			
22.	Southtrust Corp. Alabama	\$659.5	609	V	75.	Riggs Nat'l Washington, D.C.	\$116.5	48	V	128.	First Fe			
23.	Fifth Third Ohio	\$616.1	644	M	76.	GTE Federal CU Florida	\$116.2	63	M	129.	Texins			
24.	FirstBank Colorado	\$605.9	215	V	77.	M&T Bank New York	\$116.0	145	V	130.	Harbor			
25.	Charter One Ohio	\$601.0	576	M	78.	Hancock Bank Mississippi	\$111.0	84	V	131.	Aberde			
26.	First Amer. Nat'l Tennessee	\$600.0	425	V	79.	Bank of the West California	\$110.0	170	V	132.	First M			
27.	Crestar Bank Virginia	\$585.4	439	V	80.	Mercantile Bank Missouri	\$108.2	369	V	133.	Bank o			
28.	First Tennessee Tennessee	\$573.4	430	V	81.	Peoples Heritage Finan. Maine	\$107.0	150	V	134.	Capitol			
29.	First Security Utah	\$556.1	825	V	82.	Delta Employees CU Georgia	\$105.8	68	V	135.	Educat			
30.	Mellon Bank Pennsylvania	\$548.5	544	M	83.	Mission Federal CU Calif.	\$105.7	105	V	136.	Anheur			
31.	Charles Schwab California	\$529.7	374	V	84.	Arvest Bank Group Arkansas	\$105.1	64	V	137.	Centra			
32.	Commerce Bank Missouri	\$501.0	164	V	85.	Bank of Mississippi Miss.	\$103.3	79	M	138.	North F			
33.	Branch Banking N.C.	\$477.5	512	V	86.	Dime FSB New York	\$102.0	148	V	139.	Purdue			
34.	First Nat'l Maryland Md.	\$468.3	383	V	87.	M&I Bank Wisconsin	\$94.5	89	V	140.	Chitter			
35.	Michigan National Mich.	\$441.0	245	V	88.	San Diego County CU California	\$92.0	123	V	141.	MFC Fi			
36.	Marine Midland N.Y.	\$433.4	434	M	89.	Provident Bank Ohio	\$92.0	97	V	142.	Saving			
37.	Union Planters Nat'l Tenn.	\$423.6	359	V	90.	Harris Bank Illinois	\$90.3	80	M	143.	First C			
38.	USAA Federal Texas	\$412.5	290	M	91.	First Nat'l of Omaha Nebr.	\$87.7	35	V	144.	Fidelit			
39.	Regions Financial Alabama	\$410.9	513	V	92.	Tinker Federal CU Oklahoma	\$87.2	60	V	145.	Laurel			
40.	Sovereign Bank Pa.	\$398.2	299	V	93.	TIB Texas	\$85.2	80	V	146.	Mid Ar			
41.	Old Kent Michigan	\$381.3	389	V	94.	Citizens Bank Indiana	\$84.0	47	V	147.	John D			
42.	Comerica Bank Michigan	\$381.0	326	V	95.	First Citizens North Carolina	\$82.7	165	V	148.	Techn			
43.	Hibernia Nat'l Louisiana	\$380.2	446	M	96.	NWA Federal CU Minnesota	\$76.1	35	V	149.	Downe			
44.	Citizens Bank R.I.	\$367.1	388	M	97.	Nat'l Bank of Alaska Alaska	\$72.4	33	V	150.	United			
45.	Compass Bank Alabama	\$313.4	295	V	98.	Susquehanna Bancshares Pa.	\$71.8	70	V	151.	Mich. S			
46.	AmSouth Bank Alabama	\$300.0	330	V	99.	Eastern Bank Massachusetts	\$67.7	36	V	152.	Washi			
47.	People's Bank Connecticut	\$268.9	206	M	100.	UST Massachusetts	\$66.5	101	M	153.	NBT B			
48.	Bank of Hawaii Hawaii	\$262.5	128	V	101.	USAirways Federal CU Pa.	\$64.6	63	M	154.	First F			
49.	Boeing Employ. CU Wash.	\$260.5	238	M	102.	Fulton Bank Pennsylvania	\$63.8	66	V	155.	BSB Ba			
50.	Associated Bank Wisconsin	\$245.9	188	V	103.	Jax Navy FCU Florida	\$63.1	49	V	156.	Americ			
51.	Provident Bank Maryland	\$245.3	115	V	104.	Mountain America CU Utah	\$60.5	74	V	157.	Comm			
52.	Union Bank of Calif. Calif.	\$240.4	189	M	105.	Fairwinds FCU Florida	\$59.8	41	V	158.	Dearb			
53.	Centura Bank North Carolina	\$236.2	219	V	106.	Ohio Savings Ohio	\$59.0	92	V	159.	First F			

highest purchase volume with \$15.14 billion. The number of banks issuing over 1 million cards and reporting more than \$1 billion in spending at merchants totalled 14. □

PENDING AT THE POINT OF SALE (NO CASH)

State	Volume* Cards (mil.) (000) Type	Rank	Issuer, Headquarters	Volume* Cards (mil.) (000) Type
Empl. CU Colo.	\$56.9 29 V	160.	Park National Ohio	\$19.3 22 V
diana	\$56.0 66 V	161.	FPL Employees FCU Florida	\$17.0 21 V
Virginia	\$55.6 71 V	162.	1st Source Bank Indiana	\$16.8 24 M
North Carolina	\$55.0 78 V	163.	Commerce Bank Kansas	\$16.0 21 V
York	\$54.0 78 V	164.	Broadway National Texas	\$15.8 19 V
Florida	\$53.7 39 V	165.	Seattle Telco FCU Washington	\$15.8 18 V
CU N.J.	\$53.6 33 V	166.	Provident Central CU California	\$15.1 11 V
Alaska	\$53.0 34 V	167.	Wescom Credit Union California	\$14.5 17 V
Deposit Md.	\$52.5 60 V	168.	Chartway FCU Virginia	\$14.0 18 V
inia	\$50.4 50 V	169.	Twin County CU Washington	\$13.3 17 V
Hawaii	\$50.3 67 M	170.	Old National Indiana	\$12.9 16 V
Colorado	\$49.9 17 V	171.	Nat'l Bank of Commerce Nebr.	\$12.8 16 V
FCU Florida	\$46.8 55 M	172.	Triangle Bancorp N.C.	\$11.8 13 V
U Texas	\$44.3 25 M	173.	First Citizens Bank S.C. (9)	\$11.7 48 V/M
ansas	\$42.7 40 V	174.	Oregon Telco CU Oregon	\$11.2 14 V
Michigan	\$41.9 98 V	175.	Langley Federal CU Virginia	\$11.2 6 M
FCU So. Carolina	\$39.0 54 M	176.	Mechanics Bank California	\$11.1 15 M
ia	\$39.0 50 V	177.	BancFirst Oklahoma	\$10.9 38 V
ornia	\$38.8 54 V	178.	Orange County Teach. FCU Ca.	\$10.8 24 M
Health Pa.	\$37.7 68 M	179.	People's Bank of CA California	\$9.8 15 V
Illinois	\$37.0 33 V	180.	Founders FCU South Carolina	\$9.5 14 V
Arizona	\$36.0 48 V	181.	Carrollton Bank Maryland	\$8.6 9 V
Texas	\$36.0 47 V	182.	State Empl. CU Maryland	\$8.0 16 V
Washington	\$35.0 21 V	183.	Iowa League Corp. CU Iowa (9)	\$7.9 31 V/M
Gr. FCU Md.	\$34.8 23 V	184.	Wright Patman FCU Virginia	\$7.6 17 V
Illinois	\$31.9 29 V	185.	United Nations FCU New York	\$7.6 6 M
rk New York	\$30.9 271 M	186.	Simmons First Nat'l Arkansas	\$7.5 10 V
Kansas	\$30.9 104 V	187.	Max Federal CU Alabama	\$7.5 5 V
pl. CU Missouri	\$30.6 21 V	188.	Bank of Boulder Colorado	\$6.9 9 V
CU Missouri	\$30.3 15 V	189.	Motorola CU Illinois	\$6.8 8 V
Missouri	\$29.8 35 M	190.	SAFE Federal CU California	\$6.0 7 V
York	\$29.3 39 M	191.	Educational Comm. CU Florida	\$6.0 7 V
FCU Indiana	\$28.4 33 M	192.	American Baptist CU California	\$6.0 8 V
rk Vermont	\$28.3 38 V	193.	Western Federal CU California	\$5.7 13 V
nal Michigan	\$28.1 46 V	194.	First Federal Wisconsin	\$3.6 9 V
ew York	\$27.5 29 M	195.	Peoples First Community Florida	\$3.1 10 V
y CU Missouri	\$27.3 30 V	196.	Clinton Nat'l Iowa	\$2.3 2 M
California	\$27.2 32 M	197.	Rockwell FCU California	\$2.2 22 M
nsylvania	\$26.7 38 V	198.	Pt. Mugu Federal CU California	\$1.5 4 V
tl Ohio	\$26.3 29 V	199.	Bank Midwest Missouri	\$0.1 12 V
m. CU Iowa	\$25.4 28 V	200.	Navy FCU Virginia	\$0.1 <1 V
J California	\$24.8 31 V			
S California	\$24.7 38 V			
il W. Va.	\$24.5 37 V			
v. FCU Mich.	\$23.9 14 V			
st Washington	\$21.7 21 V			
irwich New York	\$21.7 32 V			
braska	\$21.6 27 V			
st New York	\$20.5 17 V			
FCU Calif.	\$20.0 19 V			
New York	\$20.1 24 V			
higan	\$19.6 10 M			
uth Carolina	\$19.5 26 V			

*Spending for goods & services purchased (without PINs) as reported to Visa/MasterCard. No cash withdrawals. Figures are consolidated for banks with holdings in more than one state. V = Visa Check Card, M = MasterCard MasterMoney Card. (1) Volume 91% Visa. (2) Volume 64% MasterMoney. (3) Volume 50% Visa. (4) Volume 74% Visa. (5) Volume 59% Visa. (6) Volume 64% MC, but Glendale Federal MasterCard cards were converted to Visa in November 1998. (7) Volume 81% Visa. (8) Volume 99% Visa. (9) Volume 55% MasterMoney. © 1999 The Nilson Report

American Bankers Insurance

(from page 1) ... common and preferred shares of American Bankers Insurance Group. Fortis owns Generale Bank and Aslk-Cger Bank in Belgium, and VSB Bank in the Netherlands. Its insurance products are sold in Belgium, Spain, the U.K., France, Australia, Singapore, Luxembourg, and the U.S.

American Bankers Insurance Group is the largest U.S. underwriter of policies that pay off any debts outstanding when policyholders die, become disabled, or lose

In December 1997, ABIG agreed to be acquired by American International Group, one of the world's largest underwriters of property, casualty, and life insurance. That deal did not go through because Cendant Corp. outbid AIG. Then, in October 1998, Cendant was forced to abandon its ABIG takeover when the price of its own stock plummeted on news that the profitability of its CUC International unit was inflated by accounting irregularities. Backing out of the \$3.1-billion acquisition cost Cendant \$400 million.

their jobs. Sales to credit cardholders account for more than 55% of the company's premiums. Most of its remaining revenue comes from the sale of extended warranties for appliances, consumer electronics, and other types of property insurance. ABIG sells to cardholders in Argentina, Canada, Puerto Rico, the U.S., and the U.K. Bruce Camacho is Executive VP at American Bankers Insurance Company in Miami, Florida, (305) 252-7060, fax (305) 256-7150. Prior issues: 677, 660, 659 □

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ATM/CD Shipments (from page 1) ... of 3% from 1997. The United States received 28% of the world total of 170,498 units, down from 30% of 164,401 units shipped in 1997. Limited-function cash dispensers, mostly dial-up authorization units, accounted for 77% of shipments to the U.S. Full-service ATMs, which accept deposits in addition to providing cash dispensing and other functions, were down 12% compared to 1997. Sales of new ATMs/CDs generated more than \$678 million in revenues last year, down 10% from the prior year. Prior issues: 686, 662

NOTE: Fujitsu's worldwide figure of 15,611 reported in issue 686 has been increased to 15,714. This means shipments declined 3% instead of 4%. Shipments worldwide totalled 170,498 units. □

Bartmann (from page 1) ... United States shouldn't forget the positive contributions he has made in terms of injecting new thinking into the way collectors deal with debtors, the way debt purchasers work with creditors, and how debt purchases are financed. Since the frenzy of debt liquidations that followed government closings of savings & loans and banks in

REMARKETING DEBT. There are two types of purchasers that pay cash for delinquent debt. Most purchasers collect the debt themselves using full-time employees in-house. Only six firms are "remarketers" who unbundle their purchases into more manageable packages for resale to collection entities that operate within limited geographical areas or specialize in certain types of debt.

A leader among remarketers is Heritage Financial, a debt warehouse and servicing firm which has been purchasing debt since 1985 and has offices less than 100 miles from CFS. Heritage has hired 20 former CFS employees and formed an independent collection entity named Onyx Financial which will become a client of Heritage. Onyx is one of 13 new collection agencies formed in the last 90 days that will benefit from the excellent training Bartmann gave to all his employees.

Heritage owner Don Neal is setting up a new company to handle bankruptcies and residential debt. Diana Pulliam is the new President of Heritage Financial Services in Oklahoma City, Oklahoma, (405) 722-1409, fax (405) 722-1139. Prior issues: 674, 667, 645, 626, 624

March 19, 1999

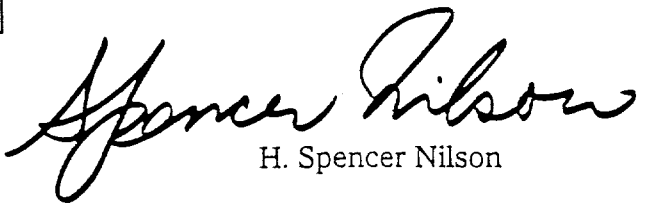
ATM/CD MANUFACTURER SHIPMENT IN THE U.S. - 1998

RANKED BY SHIPMENTS OF NEW MACHINES				
'98	'97	Mfg., Headquarters	Units	Chg. Share
1	2	NCR U.S.	15,019	+8% 31.7%
2	1	Diebold* U.S.	12,851	-30% 27.2%
3	3	Triton Systems U.S.	8,925	+15% 18.9%
4	4	Tidel U.S.	4,324	+33% 9.1%
5	5	Fujitsu ICL Japan	3,156	+13% 6.7%
6	nr	Hyosung Korea	1,057	new 2.2%
7	8	Siemens Nixdorf Germany	750	+10% 1.6%
8	6	ATM Innovations U.S.	475	-8% 1.0%
9	nr	Unlimited Cash U.S.	452	new 1.0%
10	nr	Greenlink Tech. U.S.	296	new 0.6%
11	9	Digital Equipment U.S.	20	+11% <0.1%
12	10	Citicorp TTI U.S.	8	-56% <0.1%
TOTAL			47,333	-3%

*Estimate. © 1999 The Nilson Repc

the early 1980's, Bartmann has been the debt-collection industry's top innovator, leading other purchasers, brokers, and remarketers to maximize recoveries from charged-off credit card debt.

Downsizing of CFS will make \$500 million worth of card debt available during the next two months for which CFS paid 12¢ on the dollar when it was only 90-180 days old. It will probably cost about 4¢ now. Availability of unassigned debt held by many CFS clients who have had their forward-flow contracts cancelled, opens new opportunities for other purchasers and agencies to get their foot in the door of some of the nation's top card issuers. Getting rid of debt early for cash (even at a lower price than Bartmann was paying), will remain attractive to lenders as an alternative to waiting years for higher but delayed recovery payments from collection agencies and attorneys. Industry leaders in the business of purchasing and brokering charge-offs are listed in issue 679. □


 H. Spencer Nilson