

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

### CONSUMER PAYMENT SYSTEMS IN THE U.S.

Cash and checks accounted for 91.4% of personal consumption expenditures in 1980, falling to 81.7% last year. By year 2000, that figure will drop to 76.6%, reflecting the . . . (Continued page 3)

### SUPERMARKETS IN VISA PROGRAM

Nearly 700 supermarket outlets in the U. S. have already qualified to receive Visa's special 1% interchange rate which became effective this month. Approximately 5,700 . . . (Continued page 2)

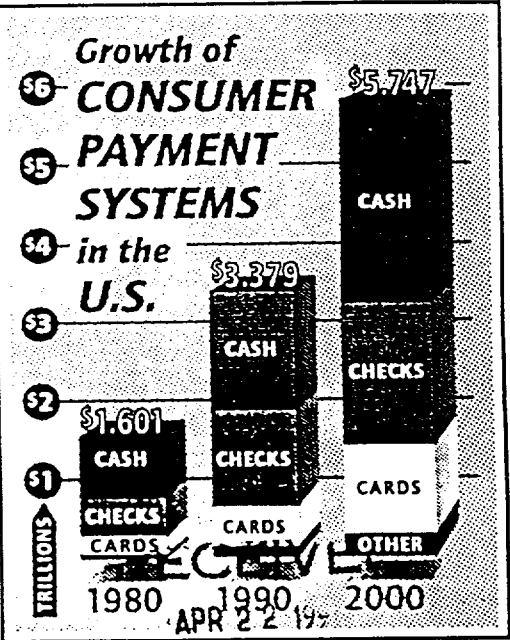
### ATMS BY YEAR 2000

Transactions at full-service automated teller machines and limited-function cash dispensers will reach 9.2 billion annually in the United States by year 2000, up from 5.7 billion in 1990. (Continued page 8)

### TOP 100 BANK-CARD ISSUERS

Over 80% of all bank credit-card business in the U. S. is done by less than 2% of Visa and MasterCard's 6,000 card-issuing members. At year-end, the 100 largest ranked by . . . (Continued page 6)

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## CONSUMER PAYMENT SYSTEMS \* TOP 100 BANK CARDS Visa & Supermarkets \* ATMS by 2000 \* ACS \* Driver's Licenses \* NBS Frequency Marketing \* Peach Tree \* BofA \* CoreStates \* First Omni \* NCR \* Radix

### CORESTATES BUYS SHAWMUT MERCHANTS

CoreStates Financial Corp has acquired the merchant card-processing portfolio of Shawmut Corp. Last year, CoreStates . . . (Continued page 3)

### SHOPPERS' GOLD INTERACTIVE MARKETING

Research shows retailers benefit from both proprietary gold cards and frequency marketing programs. Charge volume . . . (Continued page 6)

### PEACH TREE BANCARD SOLD

The country's 18th-largest owner of merchant processing contracts has been sold for more than \$65 million to an investment group . . . (Continued page 2)

### CALIFORNIA DRIVER'S LICENSE/I.D. CARD

Over the next five years, California will issue 38 million plastic cards for driver's licenses and identification with color . . . (Continued page 4)

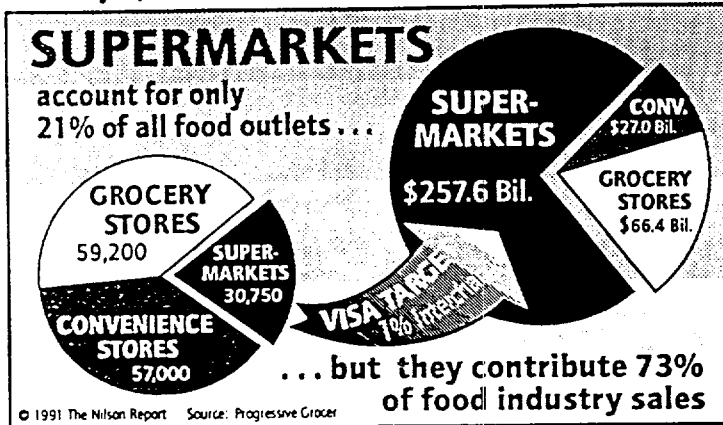
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**SUPERMARKETS Continued** (from page 1) . . . of 30,750 supermarkets in the U. S. already accept Visa cards within some department of their stores, although it is believed that less than 15% of those 5,700 currently accept them in all check-out lanes for payment of groceries -- the main criteria for Visa's incentive interchange rate. By comparison, approximately 2,400 outlets this size accept direct-debit (ATM) or ACH-debit cards for payment



in the check-out lane. Among 24 chain and independent operators certified by Visa are Safeway, Kroger, Wegman's, Shop-Rite and Bigg's. By year-end, 3,000 supermarket outlets are expected to be in the program.

Last year, food stores accounted for \$599 million in Visa card volume compared to \$401 million on MasterCard and \$48 million on Discover Card. Among 89,950 food outlets in the U. S. that include smaller groceries but not convenience stores, MasterCard and Visa are accepted at 8,100 and Discover in more than 3,500.

Visa's check-out lane incentive program is aimed at those with annual sales in excess of \$2 million. These supermarket outlets account for \$258 billion (73%) of the total \$351 billion spent at food outlets of all kinds.

Twenty percent of the 1% interchange fee paid by supermarkets to card issuers will be retained by Visa to cover costs of a five-step marketing plan that calls for permanent in-store signage, announcement signage, in-store promotions, cooperative advertising and employee incentives. Visa has guaranteed supermarkets the 1% fee for three years and says that after that interchange will migrate to an as-yet-unknown cost-based fee structure. Judy Smythe (415/358-2906) is VP Product Development for supermarkets and Mike Cooper is Senior VP at Visa USA in San Mateo, California, (415) 358-2901. ❖

**BANK OF AMERICA TO ARIZONA** Later this year Bank of America's card processing center in San Francisco will move to Arizona, followed next year by BofA's larger operation in Pasadena, California. Last October, BofA acquired the deposits and some assets of insolvent Merabank and renamed the outlets Bank of America Arizona. Thomas Harkins (415/953-0600) heads card operations at BofA and its Seafirst subsidiary in Washington State. The combined businesses total \$7.26 billion in outstandings and 5.3 million active accounts. Prior issues: 496 ff 24 ❖

**PEACH TREE Continued** (from page 1) . . . that includes Welsh, Carson, Anderson & Stowe. The group acquires 73,700 merchant contracts (52,000 active), operations centers in Memphis and Chicago employing 320, and a nationwide sales staff of approximately 2,000.

Not included in the sale of Peach Tree merchant contracts are two businesses still controlled by former owner James Elliott (708/719-1188): Yes Check guarantee business whose services Peach Tree will continue to market . . . Dallas Leasing Corp. which holds leases on 35,000 Peach Tree POS terminals and others.

Privately held Peach Tree Bancard, formed in 1987, has been profitable for the past two years. Last year it processed \$2.2 billion in Visa and MasterCard business using First Interstate of South Dakota for settlement. Merchant outlets are all connected to First Data Resources for draft capture and the company is largely responsible for FDR's rise to the number one position (ranked by terminals) among third-party providers of electronic draft-capture services in the country. In recent months, Peach Tree hired Harry Hasselmann of MasterCard, Miles Beacom of Citibank and John Leehy of FDR to improve customer service and relations

with the bank-card community in general. Thomas Fawell becomes Chairman of Peach Tree in Downers Grove, Illinois, (708) 719-1188. Prior issues: 494 ff 18 ❖

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# U.S. CONSUMER PAYMENT SYSTEMS

1990	VOLUME (\$BIL)	PERCENT	AVG. TRANS. AMOUNT	TRANS. (BIL)	PERCENT
Cash	\$1,574.02	46.58%	\$21.23	74.14	69.52%
Checks	\$1,188.09	35.16%	\$58.53	20.30	19.03%
Credit Cards	\$482.00	14.76%	\$49.59	9.72	9.11%
Money Orders	\$78.50	2.37%	\$92.22	0.85	0.80%
Travelers Cheques	\$21.84	0.65%	\$53.55	0.41	0.38%
Food Stamps	\$15.40	0.46%	\$17.00	0.88	0.83%
Debit Cards	\$13.17	0.39%	\$47.04	0.28	0.26%
Unbanked EFT	\$3.71	0.11%	\$53.35	0.07	0.07%
Home Banking	\$1.98	0.06%	\$247.00	<0.01	<0.01%
Automatic Paymts.	\$0.39	0.01%	\$75.00	<0.01	<0.01%
<b>TOTAL</b>	<b>\$3,379.10</b>	<b>100%</b>	<b>\$31.68</b>	<b>105.65</b>	<b>100%</b>

Transactions exclude delivery of money only, such as personal money transfers and cash withdrawals at ATMs. Checks include cashier's checks but to avoid duplication, do not include "repayments" that pay off credit cards (3.3 bil checks), buy travelers cheques or generate "unbanked" transactions (300 mil checks), or checks written for cash (6.0 bil. checks).

Credit Cards include general-purpose (Visa, MasterCard, American Express, Discover, Diners) and proprietary (retail, telephone, gasoline, other) cards.

Debit Cards include Visa, MasterCard, direct debit (ATM) and ACH debit (supermarket and gas) cards.

Unbanked EFT are cash and check transactions generated at retail terminals such as Western Union's "Easy Pay" and at point-of-banking terminals in supermarkets connected to participating utility (phone, gas, water, electric and TV) companies.

Home Banking payments are telephone and personal computer generated transfers of deposit account funds to pay for utility bills, credit card balances, mortgages and other loans.

Automatic Payments are preauthorized transfers of funds on deposit used to pay for regular recurring expenses such as club dues and insurance premiums.

Note: Other systems that have not generated enough dollar volume to be measured include "prepaid" cards for telephones, vending machines, etc., and utility bill payments from ATMs.

TOTAL The U.S. government's figure for all Consumer Expenditures for Personal Consumption in 1990 is \$3,658 bil.

The total shown above excludes government "TRANSFER PAYMENTS" for Women, Infant and Children voucher system (\$2.5 bil), Education (\$64 bil), Religion/Social Welfare (\$83 bil), Medicare & Medicaid (\$130 bil).

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**CORESTATES Continued** (from page 1) . . . ranked 34th but will move to 18th among owners of merchant card-processing contracts. Combined, the portfolios processed \$2.53 billion in Visa and MasterCard sales drafts generated by 41 million transactions. Recently Shawmut completed the sale of its cardholder business to Norwest and CoreStates acquired EDC processor Buypass the System. Brook Newcomb is Sr. VP at CoreStates in Philadelphia, (215) 973-6405. ❖

**CONSUMER PAYMENT SYSTEMS Cont'd** (from page 1) . . . steady migration away from paper-based consumer payment systems. However, the "checkless/cashless society" predicted over 20 years ago is still decades away. Last year 47% of the \$3.4 trillion spent by Americans for personal consumption (excluding some government transfer payments) was cash. Checks accounted for over 35% and cards (credit and debit) less than 15%. Total check volume was \$1.8 trillion but over \$618 billion of that consisted of "repayments" that duplicated other payment systems — for example \$456 billion used to pay off credit-card charges . . . \$144 billion in checks written for cash . . . over \$17 billion to buy travelers cheques . . . and over \$1 billion to cover "unbanked" payments. If this volume were included, checks would account for over 53% of personal expenditures.

By year 2000, spending on credit cards will increase from 14% to 16% . . . cash will drop only one percentage point to account for 45% of the total . . . checks will fall almost four percentage points to 31% (excluding

repayments) . . . debit cards will have the fastest rate of growth but still not reach a 3% share of consumer spending. All other payment methods (money orders, travelers cheques, unbanked EFT, home banking, and automated payments) which last year accounted for slightly less than 4% of total payments will show practically no growth.

Prepaid cards, a fledgling payment system at this time, could have a statistically relevant market share by year 2000. To whatever extent that happens, it will diminish cash and support the growth of credit- and debit-card volume.

Transactions. Out of 107 billion consumer transactions last year, cash accounted for 70%, checks 19%, cards (credit and debit) 10%, and all others combined only 2%. ❖

## CASH, CHECKS & CARDS — 1980-2000

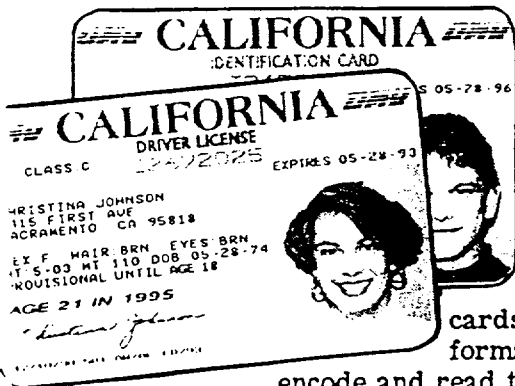
PAYMENT SYSTEM	1980		1990		2000	
	SPENDING (\$Bil)	% of TOTAL	SPENDING (\$Bil)	% of TOTAL	SPENDING (\$Bil)	% of TOTAL
CASH	\$923.4	57.7%	\$1,574.0	46.6%	\$2,591.8	45.1%
CHECKS	\$540.0	33.7%	\$1,188.1	35.2%	\$1,807.8	31.5%
CREDIT CARDS	\$52.4	3.3%	\$482.0	14.3%	\$945.0	16.4%
DEBIT CARDS	\$0.5	<0.0%	\$13.2	0.4%	\$168.0	2.9%
OTHER	\$84.7	5.3%	\$121.8	3.5%	\$234.5	4.1%
<b>TOTAL</b>	<b>\$1,601.0</b>	<b>100%</b>	<b>\$3,379.1</b>	<b>100%</b>	<b>\$5,747.1</b>	<b>100%</b>

Total = Consumer expenditures for personal consumption excluding some government TRANSFER PAYMENTS.

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THE NILSON REPORT  
NUMBER 497  
APRIL 1991

**CALIFORNIA DRIVER'S LICENSE/I.D. Continued** (from page 1) . . . photos, magnetic stripes and hologram backgrounds that can be read by the same terminals merchants use to process credit- and debit-card transactions. Workstations to produce licenses and I. D. cards are installed in 176 offices of the Department of Motor Vehicles.



California licenses for drivers, along with identification cards for non-drivers, could become a widely accepted machine-readable document for merchants to verify the identity of customers who present credit and debit cards for payment. Of the three high-coercivity magnetic stripes (3M) on the back of the cards, two are proprietary (nonstandard) formats requiring special equipment to

encode and read them in a portable environment (standard mag stripes use low-coercivity tape). License/I. D. cards made for this project have holographic "DMV" images on the face made by American Bank Note Holographics. Richard Roule is VP/General Manager, (914) 353-3320.

**NBS Imaging Systems** was awarded the new five-year contract by California's DMV in June of last year. The original contract, given to DEK of Ft. Wayne, Indiana in 1961 and taken over by NBS when it acquired DEK from Mohawk Data Sciences in 1985, had been renewed until then. NBS of Toronto, which has been managed by the Hees organization since January 1988, lost \$2.4 million on revenues of \$33 million for first quarter this year. The Imaging Division of NBS, which has been up for sale since last year, has assets of \$24 million and generated revenues of \$5.2 million for last quarter 1990. Nick Denice is President of NBS Imaging in Fort Wayne, Indiana, (219) 484-8611. Prior issues: CA License 473, 461, 445, ff 20, 10 NBS 496, 495, 493, 489, 465, 464, 463, 459, 447, 421 ♦

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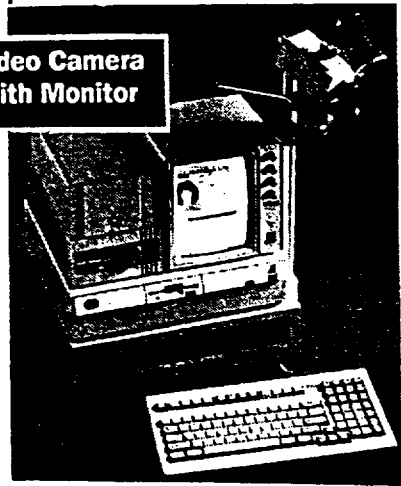


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California 90404

**THE NBS-CALIFORNIA LICENSE PROCESS**

DMV offices throughout the state use video-capture workstations with color cameras to digitally record the applicant's picture. A second black-and-white cam-

**Video Camera with Monitor**



era photographs the signature. A scanning device (Fingermatrix) digitally captures the applicant's thumbprint pattern. Data from all three are combined, automatically assigned an index number, and recorded on magnetic tape.

**Tapes are sent to the NBS processing facility** in Sacramento where the host computer, on-line with the DMV host computer (both IBM 9370's), adds the applicant's physical characteristics (height, age, color of eyes and hair).

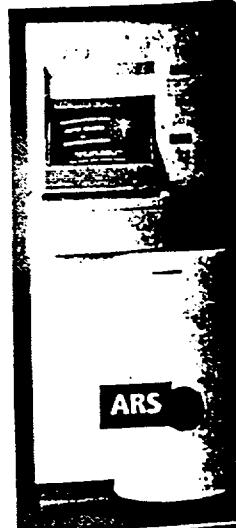
**Data from both computers are encoded on magnetic tape** that will be applied to the back of the card while a digital-transfer workstation (Celco) converts digital data to standard 35-mm negative color film and simultaneously enters it in opti-

cal disk (Kodak) for storage and retrieval.

**Photographic information on the film strip** is enlarged to make a card-sized color print for the face of the card which is sandwiched between the clear plastic top of the card containing the hologram and the back of the card containing the encoded magnetic stripe. Finished cards are fed into NBS high-speed encoders and forwarded to DMV offices which mail them to applicants.

**The NBS optical-disk master file** of the photographs, signatures, and fingerprints remains in storage and can be called up at any time to produce renewal licenses when combined with current DMV records. The DMV can also access NBS data on-line for law-enforcement purposes.

**AUTO CLERK**  
Virginia has awa  
to install up to 5



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# FAST FACTS

NEW PRODUCTS & SERVICES  
CLASSIFIED ADVERTISING  
CONFERENCES & SEMINARS  
NAMES IN THE NEWS  
JOB OPPORTUNITIES  
POSITIONS WANTED

APR.  
1991  
ISSUE  
27

FROM THE NILSON REPORT NEWS AND ADVISORY SERVICE FOR CREDIT/DEBIT-CARD EXECUTIVES WORLDWIDE

**CHEMICAL BANK** shifts to a variable rate price structure May 1. Gold cards and relationship accounts will pay prime + 7.5% (15.5% floor) - standard cards prime + 9.9% (17.9% floor). Penalty fees will rise to \$15. Minimum monthly payments will go up from \$5 to \$10. Anthony Nuzzo is Sr. VP, (212) 309-4308. Prior issue: 472

**U.S. BANK** of Portland's TV and radio ads urging responsible credit-card spending are so popular that stations get calls to find out when they will run again. One print ad showing competitors' cards says "banks like us charge you an annual percentage rate somewhere in the neighborhood of 15%-21%. Which is a pretty expensive neighborhood." Brian Scott is Dir. of Advertising, (503) 275-6208.

**ROCKLAND TRUST'S** \$116-million bank-card portfolio is for sale - 73% of outstandings are tied to AAA affinity accounts. Mark Sunshine is handling the sale at Oppenheimer & Co., (212) 667-7611.

**PREPAID CARD** test for New York Telephone will begin in September at Staten Island Ferry terminals with 60 - 80 phones. Decremental-value optically encoded "Change Cards" and phones are manufactured by Landis & Gyr. Michael Bovalino is Dir. of Marketing, (914) 683-3050.

**VISA's** "Exclusive Escapes," a promotion with Hilton Hotel, National Car Rental and Carnival Cruise Lines, offers Visa Gold and Business cardholders discounts from June through December. Tom Edwards is VP, (415) 570-2038.

**MASTERCARD** image-processing and retrieval system has set up a shared workstation in MasterCard's Singapore office. Users will be Hongkong Bank, DBS Bank, OCBC Bank and UOB with others to follow. James Cassin is Pres., MasterCard Asia/Pacific, (65) 533-2888.

**AMERICAN EXPRESS** is issuing a commemorative centennial edition of its travelers cheque and will promote the product with a sweepstakes for bank employees this summer. Dennis Stevens is VP, (212) 640-3951.

**NATIONALCARD** has acquired the merchant card-processing portfolio of National Bank of Sussex County (N.J.). Richard Spigai is Exec. VP, (201) 569-7764.

**"NM PLUS" CHARGE CARD** from Neiman Marcus offers cardholders \$50 discount certificates on American Airlines, upgrades at Hyatt Hotels, 10% discounts at Hertz, a year's subscription to Harper's Bazaar or Connoisseur, credit-card registration, a twice-yearly newsletter and a free gift of perfume or cologne. Annual fee is \$50. Phil Marshall is VP, (214) 761-2699.

**BANK OF NEW YORK** securitized \$750 million in credit-card receivables with First Boston as lead underwriter. Walid Chamah is Dir. at First Boston, (212) 909-2000.

**LOCAL TELEPHONE CARD** issuers will be required to make calling-card-validation and billing information available to all long-distance carriers under a new FCC proposal. They may charge a fee. Cincinnati Bell had been providing data

only to AT&T prompting the FCC action. Patricia Chew is the contact at the FCC, (202) 632-5050.

**CITIBANK** will make a donation to the National Parks Preservation Fund every time a purchase is made on one of its cards. Customers using cards between May 1 and July 31 can win a trip to Yellowstone Park. Drew Otoka is VP, (718) 248-5465. Citibank has also added free price protection to all of its cards. Cardholders who find items advertised in printed material at a lower price within 60 days of a purchase will get the difference (up to \$250) credited to their account. Yearly limit is \$1,000. Steve Galasso is VP, (718) 248-5178.

**AT&T UNIVERSAL** has added roadside assistance (\$18 a year) to cardholder enhancements. The service is provided by Emergency Road Service, Inc. and includes a concierge service that arranges for rental cars or reschedules travel arrangements. Dennis DiGiovanni is Pres., (805) 379-3766.

**REACTIVATION** of dormant card accounts using a pro-environmental tie-in is available from DMCA Direct. Inactive cardholders that charge at least \$250 in a month receive a tree. Initial response rate of 11% has been reported. Grant Parsons heads Bus. Dev., (513) 436-9925.

**TEXACO AND SOUTHLAND** have signed with International Automated Energy Systems' fleet-fueling network. IAES issues a proprietary card and accepts Visa, MasterCard and Discover. The company markets (Cont'd on back)

## CONFERENCES & SEMINARS

**NATIONAL OPERATIONS AND AUTOMATION** - May 19-22, Orlando, Florida at Orange County Convention Center. Est. attend. 1,400. Reg. \$895. Call American Bankers Assn. Education Network, (202) 663-5430.

**MASTERCARD "MORE PROFIT" SEMINARS** - June 12-13 in St. Louis, June 26-27 in Atlanta, Aug. 8-9 in San Francisco. Contact Julia Moretti, (212) 649-4600.

## JOB MART

**SOCIETY NATIONAL BANK** seeks Manager of Bank Card Marketing -- Responsibilities include developing and implementing credit-card strategies. Position requires bachelor's degree, 5+ years of credit card/marketing experience, proven track record, attention to detail/profit, and ability to direct and implement projects. Send resume/salary requirements to Society National Bank, Employment Department/DS, 800 Superior Avenue, 13th floor, Cleveland, Ohio 44114.

**REPUBLIC SAVINGS BANK** seeks Chief Operating Officer, Bank Card Services -- Position requires aggressiveness, self motivation and experience as chief operating officer. Send resume to Ruth Gillespie, Republic Savings Bank, Republic Corporate Center, Louisville, Kentucky 40202-2700, (502) 561-7131.

## FAST FACTS Continued . . .

fleet accounts, compiles management reports, and handles receivables. Wendi Fowler is Mktg. Dir., (813) 262-2600.

**BP AMERICA** will begin an electronic fleet-card program this summer. Marketers that have imprinters or POS terminals pay no equipment or processing fees. Don Gleichauf is Mgr., (216) 586-5961.

**GASCARD** has changed its transaction fees for its fleet network from 1.5% to 2.2% of sales to 0.35¢-1.95¢ per gallon. Equipment fees that reached as much as \$1,650 a month have been changed to a network fee of \$485 a month. Thomas Jewell is Pres., (619) 431-3200.

**TOTAL SYSTEM SERVICES** increased first quarter 1991 net income 12.1% (\$2,975,831) over the same period in 1990. Kenneth Evans is Exec. VP, (404) 649-4457.

**UNITED STATES BANKNOTE** is offering a three-for-one swap of common shares for its 15% preferred shares outstanding. American Bank Note, USB's wholly owned subsidiary, prints travelers cheques, food and postage stamps, and is the sole supplier of holograms to the worldwide bank-card industry.

**B+S VISA CARD SERVICE** is routing and clearing Visa transactions at ATMs for Berliner Bank AG in Berlin. Klaus Naumann is Gen. Mgr. at B+S, 49 (69) 792-01200.

**BANCO BRADESCO** of Brazil has launched Bradesco Visa Business Card and will begin converting its 1.5 million proprietary credit cards to Visa by June. Marcio Santos Souza is Dir., 55 (11) 704-2422. Prior issue: 468

**HOGAN SYSTEMS'** Consumer and Merchant Servicing (Cams) software is being used by Banco Comercial Portugues for Visa, Eurocheque and its new private-label debit and credit cards. Chris de Beck is Mng. Dir. at Banco Comercial Portugues, 10 (351) 137-3407. John O'Malley is Mng. Dir. at Hogan, 44 (483) 727-081.

**DELUXE DATA SYSTEMS'** "Connex" software has been purchased by the data-processing subsidiary of the Pentagon Federal Credit Union for its worldwide ATM program. Frank Leser heads the ATM program, (703) 631-4400. Paul Schmelzer is VP at Deluxe, (414) 357-2763.

**AMERICAN EXPRESS** Supplemental Hospital Insurance Plan, underwritten by Hartford Life Insurance Co., offers cardholders \$100-\$200 a day coverage for \$7.87 to \$35.58 per month. Roger Oster is VP, (212) 640-4480.

**MAGNETIC STRIPE** study from MasterCard showed 91% of cards are successfully read at the point of sale. Determining factors were maintenance of card readers and cardholder care. Darold Hoops is Sr. VP, (212) 649-5140.

**MASTERCARD** is upgrading its Emergency Card Replacement Program, requiring members to provide a replacement card the next day in the U.S. and within 48 hours worldwide. Daniel Fox is Sr. VP, (212) 649-5186.

**CREDIT-CARD FRAUD** suspect, who allegedly infiltrated TRW's credit database in 1989 and used the information to obtain and use Citibank credit cards, has been arrested. He charged over \$60,000 on the Citibank and other cards between August 1989 and October 1990.

**COMMERCIAL ENVELOPE** clients include Amoco, Shell, American Express, MCI, Montgomery Ward, Northwest Airlines, Citibank, First Chicago, National Westminster Bank and others. Richard Downey is Nat'l Sales Mgr., (516) 242-2500.

**ROBINSON'S** cardholders are receiving solicitations for a group discount from Encyclopedia Britannica. Terry Talley is Sr. VP at Robinson's, (213) 488-5522. Ralph Alleman is Dir. at Britannica, (312) 347-7306.

**WALTER LATHAM COMPANY'S** "Management and Analysis of Portfolios" system produces reports from revolving credit files that help determine how and where to concentrate mailing and marketing programs. Michael Lenora is VP, (708) 345-8787.

**INTERNATIONAL ADMINISTRATION CORP.'S** "National Automobile Re-Repair Program" guarantees that if any repair charged to a credit card fails, the re-repair will be done free. The company also offers a price guarantee program on checking and credit-card accounts. Dave Kusuda is Sales Dir., (303) 422-7108.

**SPECTRA PRODUCTS, INC.** supplies billing inserts for credit-card issuers including First Chicago, Marine Midland, and Chemical. Other services include activation, nonattrition, cardholder loyalty, and enhancements. Terrence Harter is VP, (607) 770-1985.

**CARDINAL MARKETING'S** "Credit Marketing Analysis System" generates analysis data to be the first step in the development of a credit marketing program. Chris Smith is Pres., (305) 735-1900.

**PEGASYSTEMS INC.'S** "PegaCard" product automates bank-card service operations involved with tracking, researching, and adjusting bank-card disputes. Joseph Friscia is VP, (617) 576-3580.

**G.B. FRANK** markets MasterCard and Visa merchant displays, sales aids and pocket charge-card imprinters. Sanford Singer is VP, (312) 477-2999.

**SILCOCKS PLASTICS** is expanding its New Jersey headquarters to include its Daylux subsidiary (plastic advertising specialty products). Victor Berkowitz is Exec. VP, (201) 665-0300, ext. 117. Prior issues: ff 17, 3

**"CREDIT CARD COMPLIANCE HANDBOOK"** covers amendments to Reg Z and the Fair Credit and Charge Card Disclosure Act of 1988. Cost is \$215 from American Bankers Assn., (202) 663-5087.

**"INTRODUCTION TO CREDIT SCORING"** is a 150-page book by Edward Lewis who started with Fair, Isaac in 1960. Cost is \$23.70. Order by calling (415) 479-3203.

**LUIZ ACOSTA** (305/551-5926) has been named General Manager of Visa's Latin American regional office.

**DATO LOY HEAN HEONG** (60 (3) 261-8066), Pres. of MBf Holdings in Malaysia, has been named to the International Board of Directors of MasterCard Int'l.

**ALAN GABRIEL** (207/773-8171) has joined fleet-card marketer Wright Express as Director, Credit Services.

**GARY BOLEN** (206/644-7000) has joined The Exchange as National Sales Manager.

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**HAND-HELD TERMINAL** The new California license system, introduced in Ventura County north of Los Angeles, uses Radix custom personal computers and hand-held terminals. It will allow officers to issue traffic citations without the paper forms that cause errors among the 3.2 million tickets issued in the state annually. The method developed by Radix gives officers a hand-held terminal to enter descriptive data on a light (2400) portable unit and add data encoded on the license by passing it through the card reader installed in patrol vehicles. A printout can be made available to violators within 24 hours. Radio-frequency communications with law-enforcement agencies and access to databases at the Highway Patrol and traffic courts will be added later. Radix Corp., founded 20 years ago as a software-development organization for aerospace, supplies terminals to Avis and the city of Chicago where it is a subcontractor to EDS. Steve Horrocks is Project Director for the California System in Salt Lake City, Utah, (801) 537-1717. ♦



**COMMUNICATIONS' KIOSK** A guided self-service kiosk, using compact disc video to automate rates and other DMV functions, is the next stage at North Community Business Partner. The kiosk is a road-based public-access effort led by the state of California and multiple agencies. The kiosk was introduced in 1986 by President Ronald Reagan. It is the only terminal that can read bank cards as well as magnetic stripe on new and old I. D. cards. Offices are at 10000 Santa Monica Avenue, Santa Monica, CA, (310) 828-7000. ♦



**NCR INTERACTIVE TERMINAL** A test supervised by California's Office of Technology to automate DMV processes for testing new-license applicants and renewals uses NCR's Model 5682 interactive video terminal. It was designed for installation in retail outlets and financial institutions to automate platform services, allowing consumers to interact with a machine to obtain products or services normally delivered by a person. Minor modifications to software and communication protocols were required to interface with DMV's host computer. One unit has been installed in Folsom near Sacramento



**DEK AUTOMATED REGISTRATION**

awarded American Registration Systems a contract for 75 Auto Clerk (ACM) machines. Florida is testing two units and Ohio will use them to automate its renew-by-mail system. Auto Clerk automates the entire issuing process including written test, eye test, simulated driving test, and license issuance with digitized photo. It also can issue an 80-column tab-card registration receipt with validation sticker affixed. The patent issued last November covers automated fee collection and receipt dispensing for auto vehicle applications. ARS President Christ Rousseff was formerly President of DEK. Exec. VP Dan Gill was formerly manager of worldwide government L. D. business for Polaroid. Offices are in Encinitas, California, (619) 436-1313. Prior issues: ARS 431 DEK 351, 341, 335, 274, 39, 15, 7 ♦

and one in Glendale. The high-resolution color touch-screen monitor can be animated to show moving images while graphic overlays ask questions and allow the user to select from multiple-choice answers. Payment for the test can be made by inserting a bank card. First Interstate is the merchant bank. Depending on configuration, prices range from \$13,000 (no video) to \$32,000. The test is under Gary Nischite and assistant Lisa Ito in the state's Office of Technology at the Department of Motor Vehicles, (916) 739-4868. For NCR, Frank Zaccari is District Manager in Sacramento, (916) 371-2340. Prior issue: ff 13 ♦

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THE NILSON REPORT  
NUMBER 497 APRIL 1991

M CJ6074045

## TOP 100 BANK-CARD RESULTS-1990

CREDIT CARDS*	YEAR-END	% TOTAL*
Active Accounts	91,814,330	85.1%
Total Accounts	124,097,047	83.6%
Total Cards	183,691,033	87.9%
Charge Volume	\$196,250,000,000	80.7%
Outstandings	\$130,320,000,000	84.5%

\*Visa/MasterCard - excludes debit cards. © 1991 The Nilson Report

**TOP BANK CARDS Continued (from page 1)** . . . accounts active monthly during 1990 owned 84% of total accounts. They had 81% of charge volume, 88% of cards issued and 85% of outstandings. They issued 86% of total MasterCard credit cards (89.5 million) and 83% of Visa credit cards (128.9 million) in the states. Their accounts had an average 1.48 cards each. Active accounts averaged \$2,137 in spending during the year and \$1,419 in outstandings at year-end. The top 100 issuers included 83 commercial banks, 12 non-

banks, 3 thrifts (2 S&L's and 1 mutual bank), and 2 credit unions. Outstandings were distributed among commercial banks 80.9%, nonbanks 17.5%, thrifts 11%, and credit unions 0.5%. The second group of 50 issuers shown at right had 10% of the nation's bank cards, generated 9% of volume and carried 8% of outstandings. Prior issues: 496, 485, 451 ❖

**APPLIED CARD SYSTEMS PROCESSING** Facility management for cardholder and merchant accounts at small- and medium-sized financial institutions is available from Applied Card Systems. First Data Resources supplies basic services to which ACS adds proprietary software and staff to handle credit preparation, customer service, collections, security, etc. Formed in 1987 as Consumer Credit Service Corp., ACS manages cardholder processing for 10 institutions whose portfolios range from 2,000 to 10,000 accounts. Eleven banks with a total of 7,000 merchants use ACS for their acquiring programs.

ACS software is designed to handle secured-card programs, capturing data and deposit information so that it can be combined with savings and credit accounting on the FDR system. Client Suburban National is operating a profitable program with 10,000 accounts, and ACS is looking for larger clients. ACS claims that in well-run secured-card programs, interchange income can run as high as 8% of outstandings with payments accounting for up to 40% of outstandings compared to 13% on unsecured accounts. Rocco Abessinio is President of ACS in New Castle, Delaware, (302) 322-9458. ❖

**U. K. CLEARING NETWORKS USE EDI** Electronic data interchange (EDI) networks electronically transfer commercial documentation such as invoices and orders between merchants and their suppliers. In the U. K. they are also being used for clearing and settlement of credit/debit-card transactions. Tradanet, an EDI network that serves 4,000 retailers and links more than 60% of all EDI business in the United Kingdom, is being used by National Westminster and Barclays Bank to transmit "hot card" files to merchants whose PCs and mainframes send back daily payment-card data. When cards are declined by the hot-card file or exceed the floor limit, retailers can use Tradanet for on-line card authorizations by accessing a system jointly developed by Tradanet's owner, International Network Service, and Mercury Data Network Services. Mercury is the U. K.'s packet-switch network alternative to British Telecom. INS is a joint venture of U. S.-based Geisco and International Computers Ltd., the U. K.'s largest computer vendor recently acquired by Fujitsu of Japan. Brian Morgan is Finance Manager at INS in Sunbury-on-Thames, England, 44 (93) 276-1020. ❖

**SHOPPERS' GOLD Continued (from page 1)** . . . increases 10% to 20% when gold cards are issued and frequency-marketing programs that reward loyal customers can be easily measured and sustained over extended periods of time. Frequency Marketing Inc. of Milford, Ohio has a program that takes advantage of both. Gold "smart cards" access interactive video kiosks where advanced digital technology promotes store items available for "member only" discounts. Records of past purchases stored in the card trigger personalized promotions. The "Shoppers' Gold Interactive" system includes hardware, software and applications. Retailers can charge suppliers of featured items a participation fee and assess annual cardholder fees to cover the roughly \$4 cost for . . . (Continued page 8)

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# SECOND 50 LARGEST BANK CREDIT-CARD ISSUERS IN THE U.S. -- 1990

1990 Issuer	Ranking '89 / '88	Issued From	Active Accounts	Total Accounts	Total Cards	Charge Vol. (\$Bil.)	Out-standings (\$Bil.)	Cards	
								MasterCard	Visa
51. Bank One, Lafayette	58/65	Lafayette, Indiana	353,372	445,704	674,367	\$0.61	\$0.29	185,994	488,373
52. National Westminster	61/59	Melville, New York	348,374	485,803	728,705	\$0.71	\$0.49	272,003	456,702
53. First Tennessee	52/64	Memphis, Tennessee	348,000	561,000	940,054	\$0.54	\$0.36	308,763	631,291
54. Delaware Trust (a)	49/50	Wilmington, Delaware	344,014	469,377	683,854	\$0.75	\$0.32	149,091	534,763
55. Commerce Bank	50/52	Omaha, Nebraska	343,000	550,000	800,000	\$0.66	\$0.27	240,000	560,000
56. First National of Commerce	56/66	New Orleans, Louisiana	340,385	492,839	887,110	\$0.68	\$0.40	266,133	620,977
57. Valley National Arizona	57/58	Phoenix, Arizona	332,100	400,000	671,000	\$0.75	\$0.46	465,000	206,000
58. Town North National (b)	62/73	Farmers Branch, Texas	324,149	418,755	670,008	\$0.45	\$0.28	632,622	37,386
59. Ameritrust	53/71	Cleveland, Ohio	315,238	398,607	503,698	\$0.61	\$0.40	62,486	441,212
60. State Street Bank (c)	38/48	Boston, Massachusetts	315,000	350,000	565,830	\$0.57	\$0.42	67,900	497,930
61. Bank One, Indianapolis	70/82	Indianapolis, Indiana	310,289	401,372	682,332	\$0.38	\$0.22	579,982	102,350
62. Comerica-Midwest Bank	51/57	Toledo, Ohio	291,729	414,255	613,097	\$0.60	\$0.31	324,941	288,156
63. Hibernia National (d)	81/102	New Orleans, Louisiana	283,000	439,000	615,000	\$0.40	\$0.31	298,000	317,000
64. Navy Federal Credit Union (CU)	67/80	Merifield, Virginia	277,581	323,096	437,172	\$0.66	\$0.33	0	437,172
65. Boatmen's Bank	63/60	New Castle, Delaware	267,981	426,468	639,702	\$0.54	\$0.27	409,409	230,293
66. Gary-Wheaton Bank	64/74	Wheaton, Illinois	266,317	385,326	505,486	\$0.80	\$0.28	27,815	477,671
67. BayBanks	55/56	Dedham, Massachusetts	263,000	362,413	558,116	\$0.56	\$0.32	306,964	251,152
68. Central Fidelity	69/91	Richmond, Virginia	259,592	269,997	338,144	\$0.40	\$0.29	125,113	213,031
69. Peoples First Thrift (NB)	66/69	Salt Lake City, Utah	255,500	534,800	801,600	\$0.41	\$0.34	48,700	752,900
70. Fleet/Norstar	NR/29	Providence, Rhode Island	250,000	350,000	500,000	\$0.48	\$0.20	250,000	250,000
71. Dominion Bank	68/94	Roanoke, Virginia	239,374	362,186	431,774	\$0.79	\$0.31	75,822	355,952
72. NBD Delaware	59/68	Newark, Delaware	232,460	332,581	498,871	\$0.50	\$0.21	171,612	327,259
73. Primerica Bank (NB)	73/85	Newark, Delaware	232,288	331,309	466,653	\$0.97	\$0.40	310,199	156,454
74. Central Trust	77/92	Cincinnati, Ohio	222,100	321,000	486,000	\$0.61	\$0.17	245,000	241,000
75. Fifth Third Bank	76/84	Cincinnati, Ohio	220,000	300,000	500,000	\$0.40	\$0.20	50,000	450,000
United Bank of Denver (d)	65/72	Denver, Colorado	219,027	284,426	366,969	\$0.45	\$0.18	180,129	186,840
77. Republic National	NR/NR	Columbia, South Carolina	210,115	308,593	431,736	\$0.37	\$0.28	0	431,736
8. Bank One, Wisconsin	71/100	Milwaukee, Wisconsin	210,000	315,000	499,000	\$0.46	\$0.24	199,680	299,520
79. Chase Lincoln First	85/87	Rochester, New York	197,000	324,000	486,000	\$0.55	\$0.28	0	486,000
80. First of America	106/116	Kalamazoo, Michigan	196,489	262,449	384,049	\$0.40	\$0.17	213,232	170,817
81. Bank IV Wichita	88/113	Wichita, Kansas	195,000	230,000	335,000	\$0.29	\$0.11	117,250	217,750
82. Huntington National	75/88	Columbus, Ohio	194,000	255,000	358,000	\$0.40	\$0.21	218,000	140,000
83. South Carolina National	80/89	Columbia, South Carolina	183,833	273,583	399,156	\$0.29	\$0.24	78,298	320,858
84. First Financial Bank (S&L)	83/79	Stevens Point, Wisconsin	181,368	258,047	297,153	\$0.30	\$0.15	118,872	178,281
85. AmSouth Bank	90/103	Birmingham, Alabama	174,000	245,000	335,650	\$0.26	\$0.19	201,390	134,260
86. United Missouri	78/86	New Castle, Delaware	169,546	239,989	347,985	\$0.26	\$0.15	252,476	95,509
87. First Interstate of Arizona	82/96	Phoenix, Arizona	166,006	232,994	264,994	\$0.35	\$0.15	28,906	236,088
88. First Interstate of Oregon	86/95	Portland, Oregon	163,000	220,000	342,760	\$0.37	\$0.16	51,414	291,346
89. Union Bank	72/81	San Diego, California	160,707	190,714	286,071	\$0.50	\$0.16	159,056	127,015
90. Home Savings (S&L)	93/107	Inwindale, California	160,456	215,095	275,240	\$0.32	\$0.14	140,383	134,857
91. Chemical Bank N.J.	84/83	Parsippany, New Jersey	159,900	213,000	332,000	\$0.21	\$0.20	184,000	148,000
92. First Interstate Bancard (a)	129/47	Simi Valley, California	158,739	254,824	269,691	\$0.30	\$0.14	100,538	169,153
93. Simmons First National	91/101	Pine Bluff, Arkansas	154,653	244,750	258,064	\$0.23	\$0.10	87,741	170,323
94. FirstTier Bank	96/122	Omaha, Nebraska	152,000	208,000	320,000	\$0.28	\$0.10	128,000	192,000
95. First National in Wichita	98/117	Wichita, Kansas	142,989	180,912	229,459	\$0.25	\$0.15	141,830	87,629
96. Star Banc	74/155	Cincinnati, Ohio	142,543	150,930	215,651	\$0.28	\$0.16	115,267	100,384
97. Bank of Hawaii	97/NR	Honolulu, Hawaii	142,500	168,000	247,500	\$0.40	\$0.17	0	247,500
98. European American	94/98	Uniondale, New York	138,572	174,416	229,664	\$0.27	\$0.14	152,349	77,315
99. Trust Company	79/76	Atlanta, Georgia	135,970	187,254	278,738	\$0.11	\$0.18	170,030	108,708
100. South Trust Bank	87/93	Birmingham, Alabama	135,873	163,280	239,712	\$0.22	\$0.15	76,560	163,152
TOTAL			11,479,129	15,926,144	23,228,815	\$22.92	\$12.12	8,988,950	14,240,065
TOTAL FOR TOP 100			91,814,330	124,097,047	183,691,033	\$196.25	\$130.32	76,813,133	106,878,100

Notes: NB = nonbank. S&L = savings and loan. CU = credit union. (a) Sale pending. (b) Town North National is a commercial bank owned by a consortium of Texas credit unions. (c) Sold portfolio. (d) Portfolio will be absorbed by Norwest later this year due to merger. NR = No prior ranking. © 1991 The Nilson Report

**SHOPPERS' GOLD Continued** (from page 6) . . . cards with microchips.

Less sophisticated versions of this "controlled mark-down" strategy are already working well in retailing. Waldenbooks has almost four million customers paying \$5 annually in a "Preferred Reader" program that carries 10% discounts, rebates, and other special services. Neiman Marcus, whose seven-year-old "In-Circle" program is considered the only true frequency-marketing program operating in the department/specialty store industry, is testing a \$50-annual-fee "NM Plus" program. GE Capital is experimenting with frequency-marketing programs for retailers including gold cards for Montgomery Ward but does not personalize benefits. FMI believes its personalized approach to frequency marketing solves the problem of creating a sustainable marketing advantage over competitors. Clients include Procter & Gamble, ITT Sheraton and various retail chains. Richard Barlow is President in Milford, Ohio, (513) 248-2882. Prior issue: 467 ❖

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**ATMS BY YEAR 2000 Continued** (from page 1) Average transactions per machine will grow to 6,700 from 6,400 last year. Positive cash flow per ATM will increase to \$1.6 million annually as advances in technology, including image processing, encourage more deposit transactions. By year 2000, 163.5 million ATM cards will have been issued including 95.7 million that will be active with an average of eight transactions monthly.

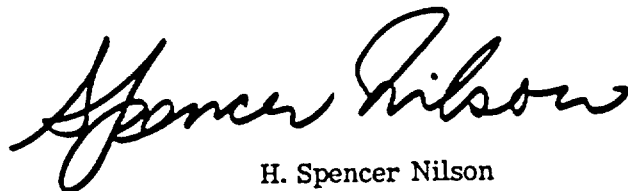
CATEGORY	ATMS IN THE U.S.		
	ACTUAL 1990	PROJECTED 1995	2000
<b>LOCATIONS</b> (year-end)	77,118	96,718	116,218
Mid-year Average	74,358	94,718	114,218
Shipments	8,812	11,550	12,497
New Installations	4,520	4,000	4,000
<b>CARDS</b> (Year-End)	149.0 mil	155.4 mil	163.5 mil
Mid-year Average	148.0 mil	154.1 mil	162.2 mil
Activated Annually	105.1 mil	110.8 mil	120.0 mil
% Activated	71%	72%	74%
Active Monthly	71.9 mil	81.4 mil	95.7 mil
% Active	48.6%	52.8%	59.0%
<b>TRANSACTIONS</b>	5.7 bil	7.0 bil	9.2 bil
Per ATM/ Month	6,400	6,187	6,700
% Uptime	98.9%	99.2%	99.5%
Per Active Card/ Mo.	6.6	7.2	8.0
Withdrawal Average	\$67.05	\$78.80	\$93.60
Transfer Average	\$514.00	\$606.00	\$714.00
Deposit Average	\$584.00	\$683.00	\$812.00
Positive Cash per ATM	\$0.5 mil	\$0.9 mil	\$1.6 mil

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In 1990, 13% of the 149.0 million ATM cards in circulation belonged to cardholders with more than one card. Over 105 million cards generated at least one transaction during the year. The 71.9 million cards that were active averaged 6.6 transactions per month. Of 185 million Americans over age 18, 132 million or 71% had an ATM card. Cash delivered by machines to consumers in 1990 averaged \$67.05 per transaction including withdrawals from checking or savings accounts and credit-card cash advances. These cash deliveries accounted for more than 80% of all ATM transactions. And although deposits averaging \$584 accounted for less than 12% of transactions, the positive cash flow per deposit-taking ATM topped \$500,000 annually. ❖

**FIRST OMNI BUYS FAR WEST, OTHER CARDS** First Omni Bank, credit-card subsidiary of First National of Maryland, has acquired the \$100-million bank-card portfolio of Far West Federal of Portland, Oregon. This and other recent acquisitions -- Perpetual FSB (\$20 million), BankEast (\$12 million) and Wilmington Savings (\$6 million) -- push First Omni outstandings to \$750 million ranking them 40th in the nation. About 58% of First Omni's cardbase is Visa, but full-application solicitations funded by MasterCard are scheduled to appear in a special June issue of Money Magazine. First Omni's card processor, Total System Services, will have all new accounts on file by September. John Mullady is Senior VP at First Omni, (302) 934-2007. Prior issue: 478 ❖

April 12, 1991

  
 H. Spencer Nilson