



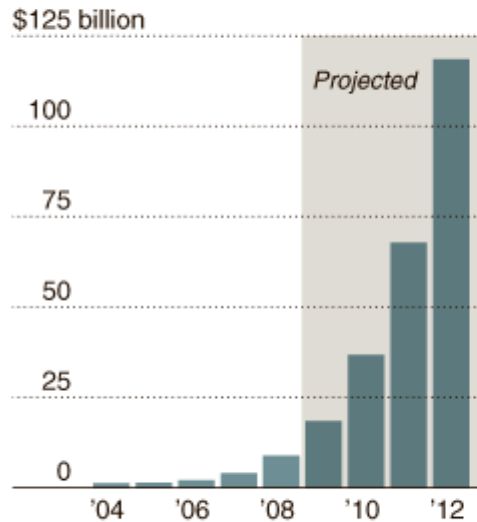
Lean and Digitize by Using Prepaid Cards

Bernardo Nicoletti
Pinion Ltd., Director
Dubai, Mar. 22, 2010

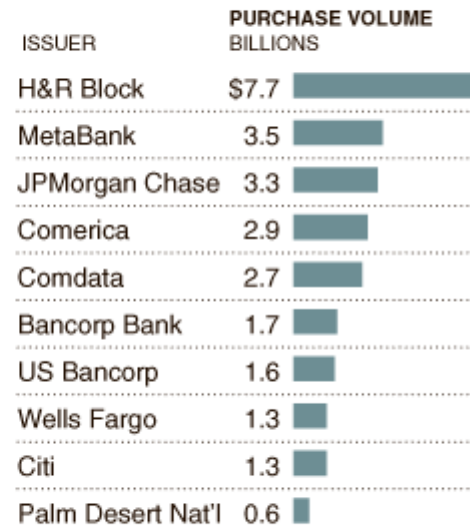
Prepaid Cards are Growing

The total amount loaded on prepaid debit cards is expected to exceed \$100 billion by 2012.

Total dollars loaded on prepaid debit cards



Top issuers of prepaid cards, 2008*



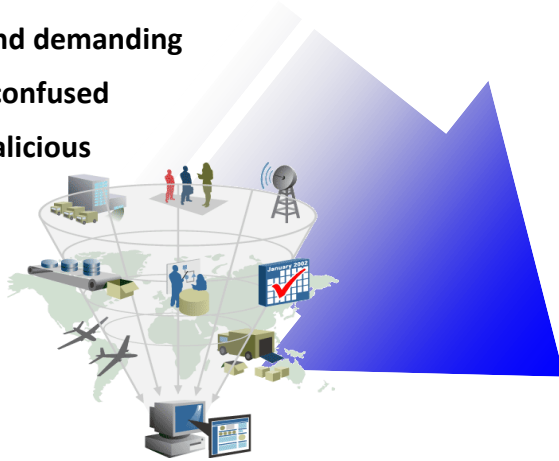
*Includes all prepaid cards with a Visa or MasterCard logo, including gift cards and reloadable cards.

Sources: Mercator Advisory Group; The Nilson Report

Changing and Challenging Environment ... The 4Cs

Customers

Empowered and demanding
Complex and confused
Sometimes Malicious



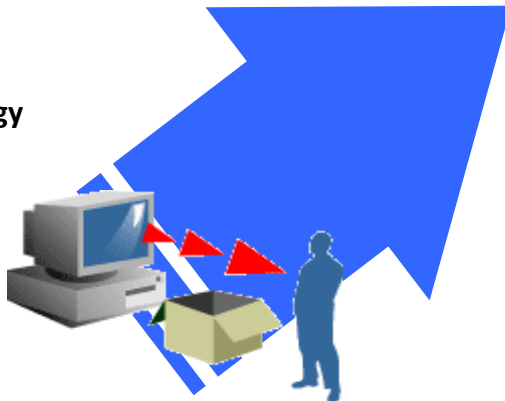
Computers

New Technology
Network



Costs

Inflation
Complex Technology
Outsourcing



Compliance

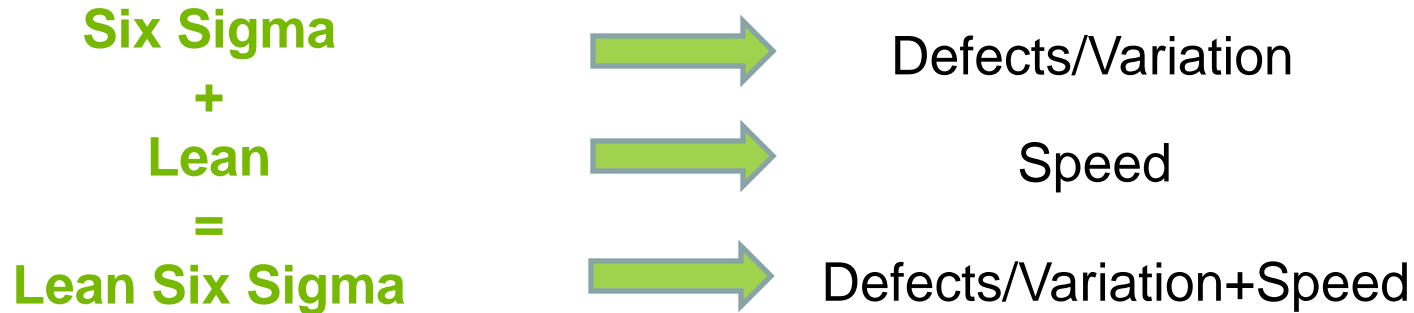
Security Requirements
Laws and Regulations
GRC



Achieving process payments in a leaner and more digitized manner

**How Can We Use The Prepaid Cards Opportunity, But
Take Into Account Of The Challenges Ahead And Be
Able To Deliver?**

Lean Six Sigma Is An Interesting Answer

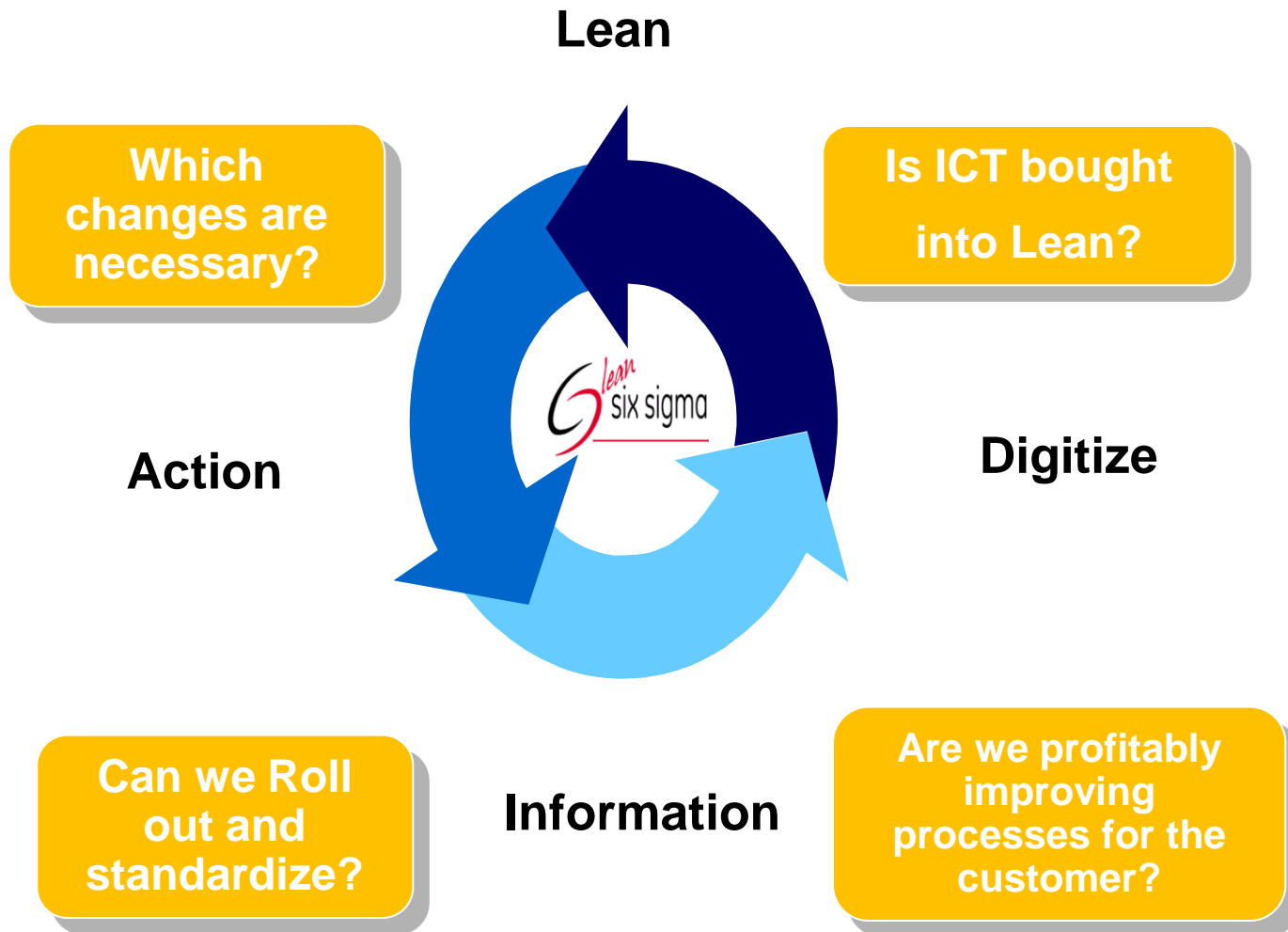
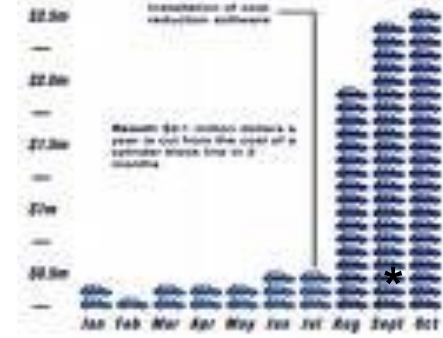


Working on:

- The **product** path
- The **process** path

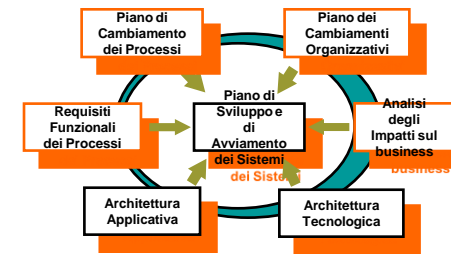
This is Fine for Products and Processes .. And Technology?

Lean Six Sigma is not enough: Lean & Digitize



Marketing is important but Delivery is essential

The Lean & Digitize Methodology*



- (Preliminary)
- Define and Measure
- Analyze and Process Design
- Architecture Design
- Build, Test and Deploy
- Verify
- (Replicate)

“... information systems have to do more than manage huge amount of financial data...” Bill Gates

Solution Evaluation Criteria

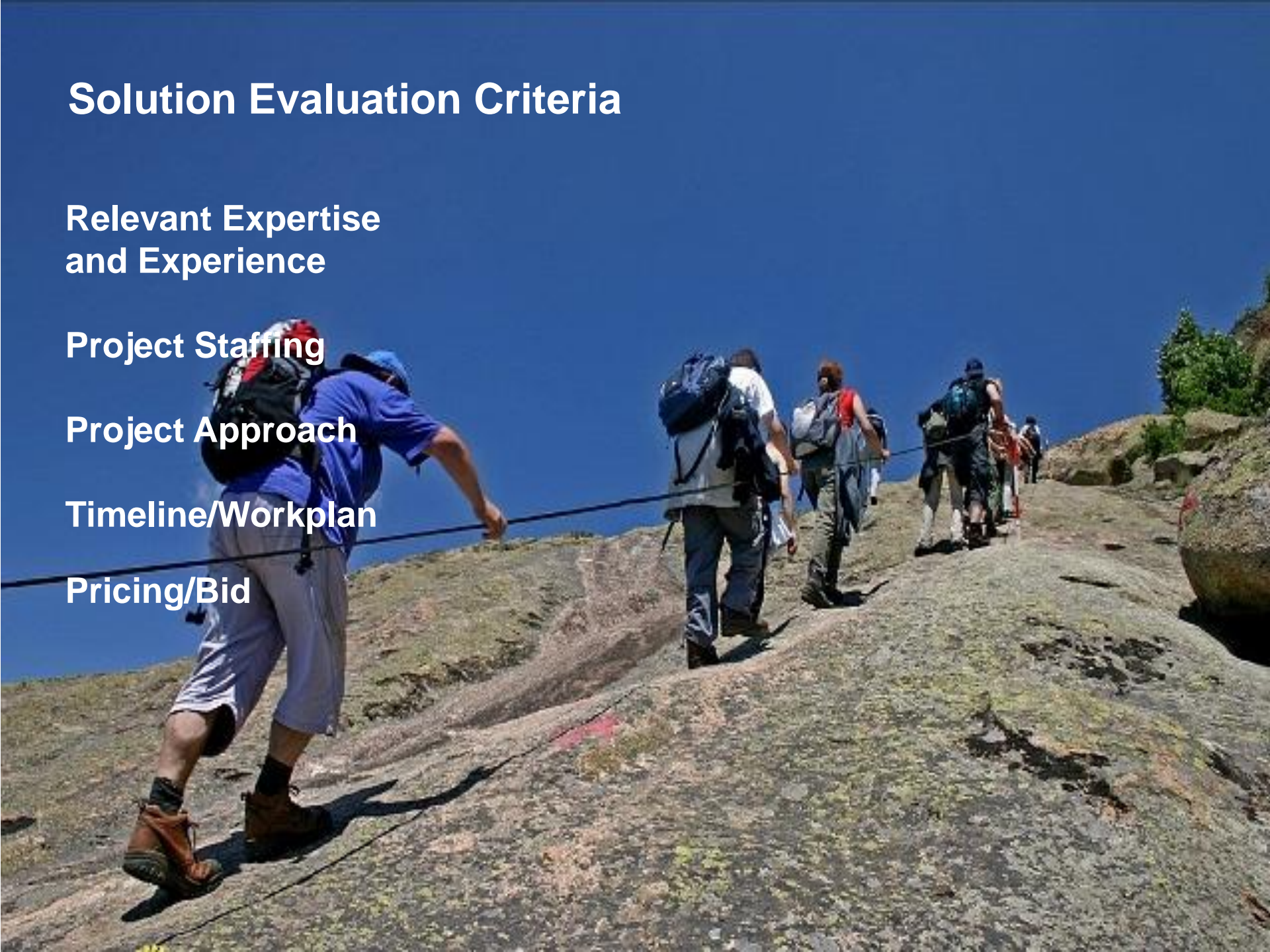
Relevant Expertise
and Experience

Project Staffing

Project Approach

Timeline/Workplan

Pricing/Bid



Agenda

- **Lean & digitize Payment processes**
- Leaning processes by using lean processes
- Leaning Risks
- Best practices and 2010+



Objectives of the Lean Principles



- Optimize the Value for the Customers and the Financial Institutions
- Reduce the cycle time
- Lean the organization
- Eliminate un-necessary costs

The Principles of Lean Thinking

- Value
- Identify the flow
- Lean the flow
- The customer pull the flow
- Strive for Perfection

Add Value To The Customers



Prepaid Card Segments				
Employer to Employee (E2E and G2G)	Government to Consumer (G2C)	Consumer to Business (C2B)	Business to Consumer (B2C)	Consumer to Consumer (C2C)
Payroll	Social Security	Charity	Rebates /Penalty Loan Distribution	Gift/Youth
Benefits	Food Stamps	Reloadable Store	Insurance	Reloadable Store
Health/Pension	Unemployment	Youth organization	Store Refunds	Remittance
Per Diem	Disbursements	Travel	Incentives	Travel allowance
Fleet	Medicare/Medicaid	Phone	Rewards	Phone
Incentives	Disaster Relief	Fuel	Vouchers	Student

.. Go for Prepaid Diversity ... Many Killers Applications

Add Value to the Customer (cont.)

Closed vs. Open Loop

Reloadable vs. Non-Reloadable

Single vs. Multi-Application

Multi-Payment

Card Not Present



Work on the Value Proposition

Quite a Few Opportunities+

Market

1b un/under banked

Need a low cost payment solution

Media

350m cellphones

No dominant payment structure

Govt.

Progressive Authorities

Growing need for cashless

Credit

Fragmented retail sector

Gift for top tier only

Where to Lean & Digitize Assuring the Flow

- Marketing
- **Set up**
- **Processing**
- **Customer Service**
- Miscellanea

Lean & digitize projects can impact on more than 50% of the costs

Agenda

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Eliminate The Waste (The “Muda”)



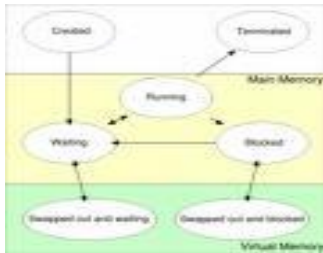
- Over-production
- Defects
- Transportation non necessary
- Manual moves
- Delays
- WIP (Work in Process)
- Work dedicated to un-necessary processes

Go for Maximum Digitization

The Components

Simplify

Product

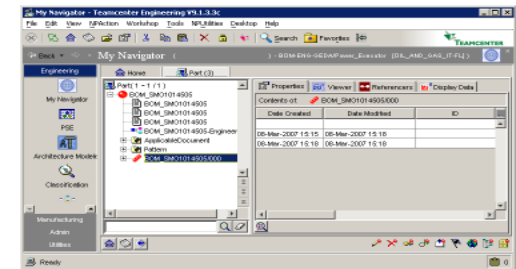


Add Value

Process

Consolidate and Virtualize

Technology



Guidelines

Policy

Local Policy reviews

More self-service

More products in the same process with personnel as a consultant
Different processes for different customers:

- Debit cards
- Credit Cards
- Prepaid

COE Development

Acquiring Expertise

Organizational Design

Training

Consistent business logic

Service oriented architecture

Network-centric

On-demand service delivery

“Financial Services Organization can no longer let BPM pass...” Michael Hammer

The Technology

Customer Contact

Call Center



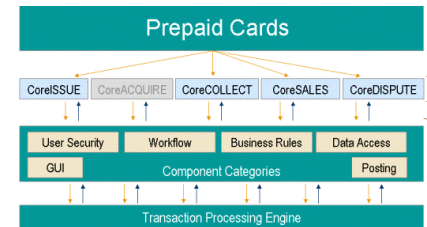
Connection

Network



The Hub

Application



- Service and Sale
- Self-service Terminals
- Optional Integrated Functionality
- Security
- Firewall
- Media streaming
- Voice Services
- ... Fun Interaction

- Network Components
- wLANs
- Security
- Intrusion detection
- Appliances
- Multi-purpose wireless network
- Sona


- Rich Internet Applications
- Software as a service
- Business Intelligence
- Hw Virtualization
- CRM
- Document management
- Backup
- SOA

“High performance processes require new information systems” Michael Hammer

Agenda

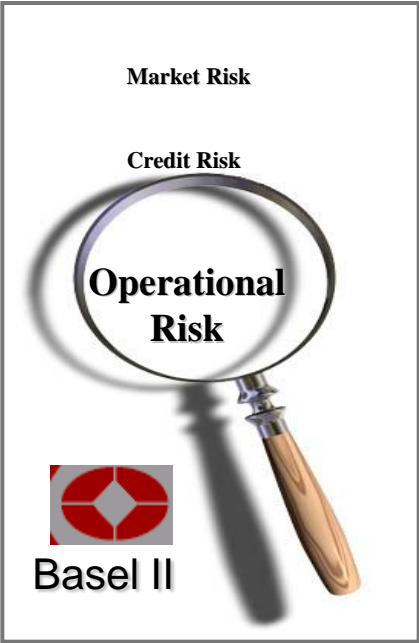
- Lean & digitize Payment processes
- Leaning processes by using lean processes
- Leaning Risks**
- Best practices and 2010+



A hand is held up in a 'stop' gesture, palm facing forward, against a blue background. In the background, a man in a white shirt and yellow tie is blurred. The text 'How do you stop Frauds Before they stop you' is overlaid on the hand.

How do you stop Frauds
Before they stop you

Many Requirements to Reduce Risk



Risk Management



Anti-Money Laundering



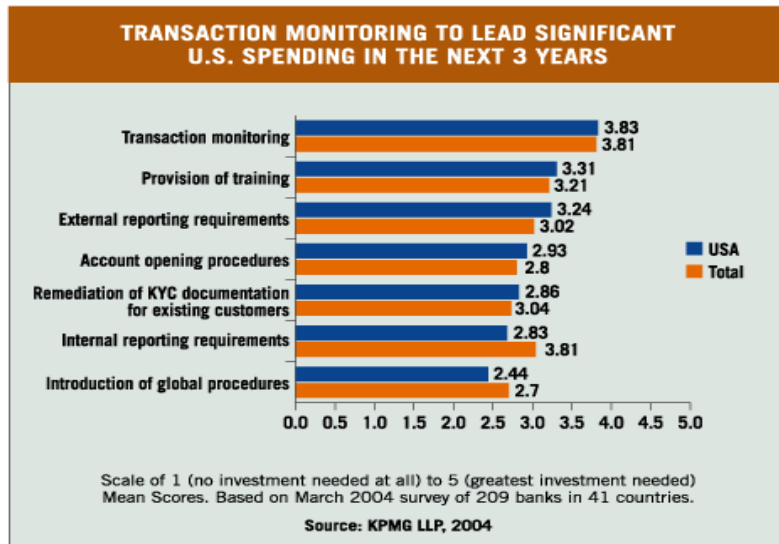
Corporate Governance

The Business Need

- Anti Money Laundering (AML) is increasing in importance.
- Some institutions have been fined (BoFA) or have lost the banking license
- Unclear the situation with new regulations

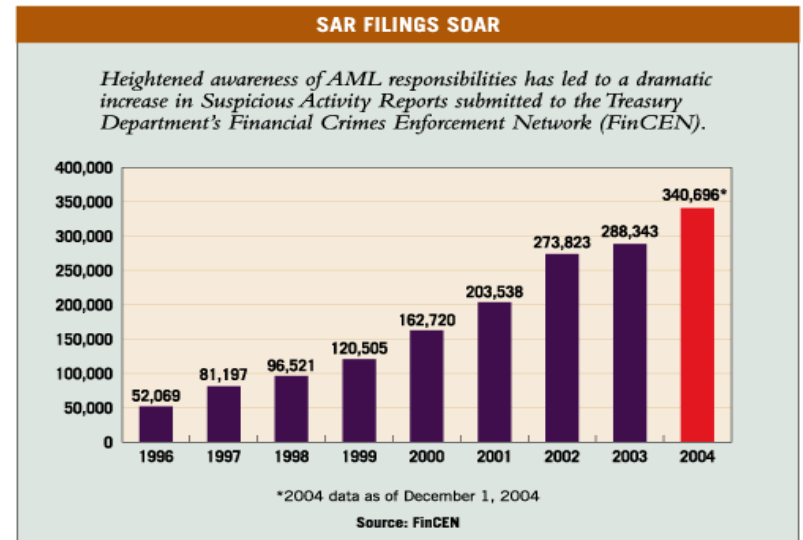
Where is the industry?

Banks now more proactive ...



Spend Increasing

Defensive FinCen Reporting ...



Industry Ahead of Many

The Architecture of an AML System

Capabilities

- Design and change rules
- Extract, Validate, Transform and Load
- Engine
 - Statistical (Actimize) or neuronet (ACI).
 - Batch or real time.
 - Comparison transactions vs. profile.
- Case Management (False Positive)



Agenda

- Lean & digitize Payment processes
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- Leaning costs
- Best practices and 2010+**



A Best Practise: the New SEPA regulations in the European Union

Market

e.g. 300 millions the Europeans which could use the service

Services

In 2008, the services available for micropayments were 62

Ceiling

Maximum amount payable with micropayments would be € 30

Credit

Credit lines up to 12 months

www.themegallery.com

Issued by Payments Institutions

PREPAID CARDS

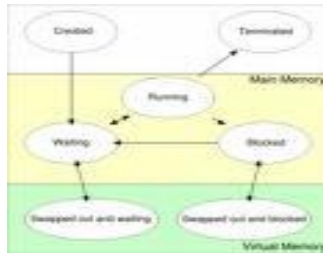
A close-up, low-angle shot of a silver laptop hinge and keyboard area. The laptop is open, and the hinge mechanism is visible. The background is a soft, out-of-focus gradient of light colors, possibly a wall or a screen. The overall tone is professional and modern.

An Agenda for 2010

The (Near) Future

Integrate

Product



Multi-everything Cards
Virtual Cards
Transfer Cards
Contactless cards
Social Card

Be Each Customer-Centric

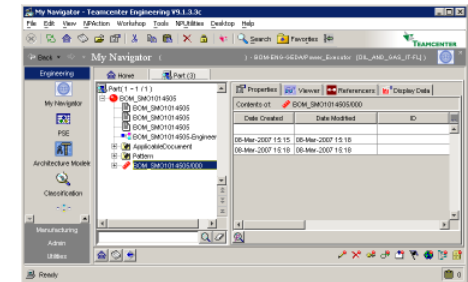
Process



Better Customer Service
Integration of products and process approach
Management of full end-to-end processes
Franchising

Mobilize

Infrastructure



Standardization
Personal (mobile) devices
PaaS – Platform as a Service
More and more
Web 2.0 => Card 2.0
Social Networks

Move from Prepaid Cards to Prepaid Instruments to improve the flow

The Final Message To Beat Your Competition... ... Strive For Perfection



- Continuous improvement
- The policy of the Bonsai, small steps at a time

Thank You/Grazie – Any Question ?



Bernardo Nicoletti

Bernardo.nicoletti@pinion.net

+39 348 470 7016

Appendix

Resume



- Fulbright Scholar with a Master from Carnegie Mellon University and a Degree from the Polytechnic of Turin, Italy
- Worked in 10 Countries in several companies
 - MIS and CTO in Alitalia
 - Project Leader in Airplus
 - Program Leader in Galileo
 - CEO in Sigma Plus
 - CTO in GE Money
 - CIO in GE Oil & Gas
 - CIO in AIG UPC Latin America
 - Management Consultant for Pinion with projects in Saudi Arabia
- Master Black Belt