

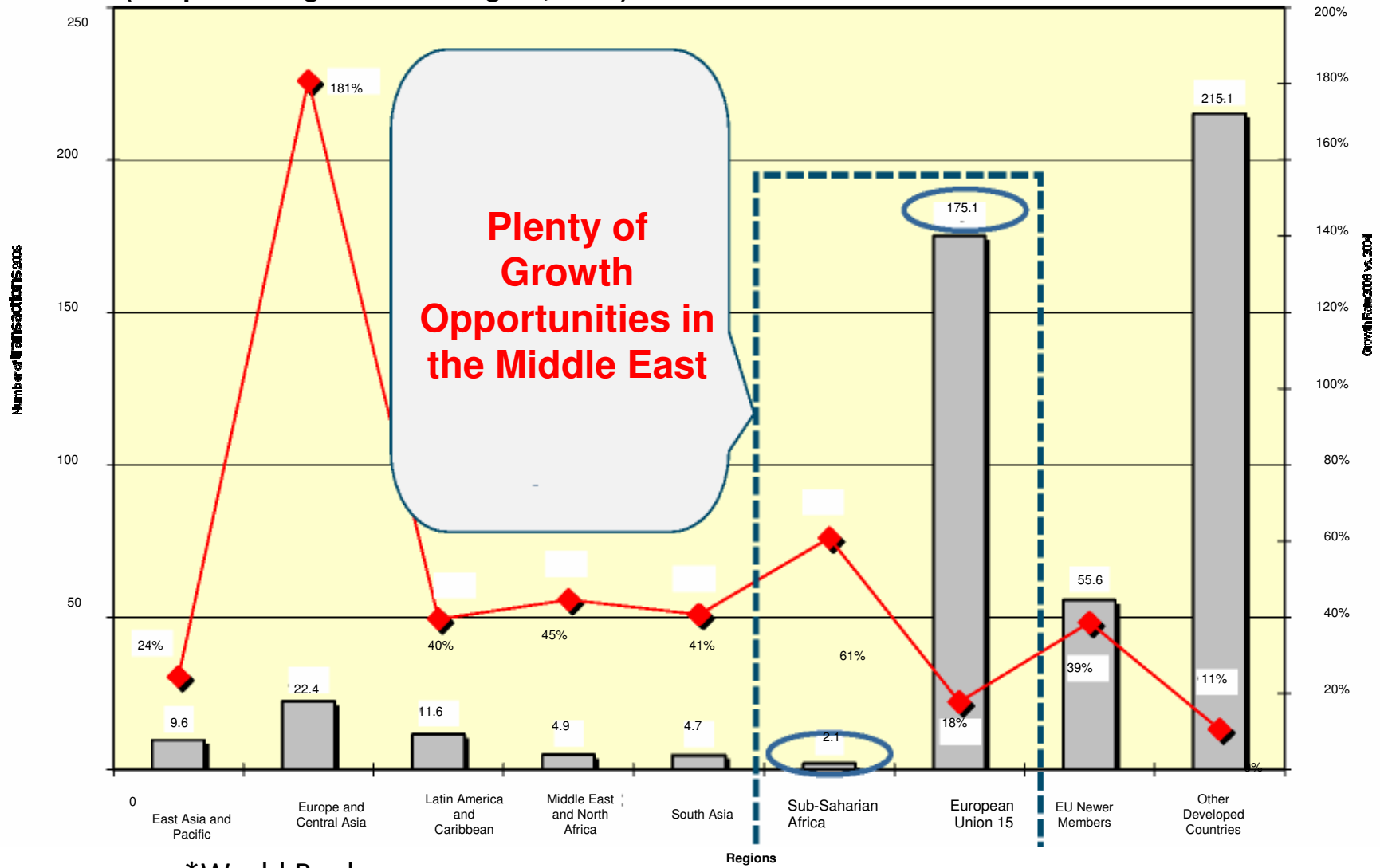
A photograph of two men standing in front of a modern glass building. The man on the left is wearing a light blue suit and a dark tie, with a dark jacket slung over his shoulder. The man on the right is wearing a white thobe and a white ghutra with a black agal. They are both looking at a smartphone held by the man in the thobe. The background shows the glass facade of a building with reflections.

# New Challenges and New Opportunities in the Global and Middle East Cards Market

Bernardo Nicoletti  
Pinion Ltd., Director  
Dubai, UAE, Mar. 22, 2011

# Non-Cash\* Retail Payment Transactions Per Capita\*

(Simple average for each region, 2006)



\*World Bank

# Integrated Payments Strategy

## WHEN DO YOU WANT TO PAY? YOU DECIDE

**BEFORE**

**NOW**

**LATER**

**AT YOUR PACE**

### Attributes

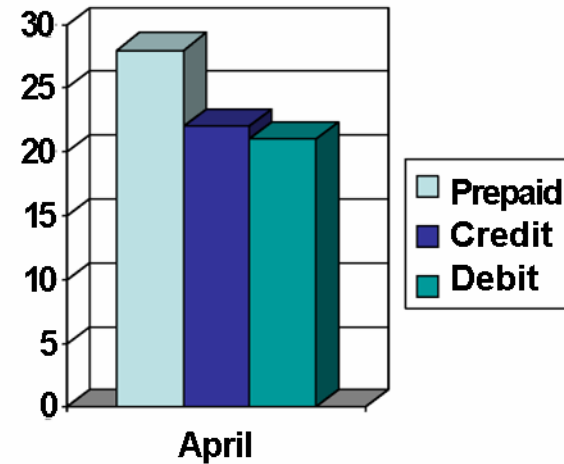
Before	Now	Later	At your pace
<ul style="list-style-type: none"> <li>• Security</li> <li>• Expense control</li> <li>• Anticipation</li> <li>• Planning</li> <li>• Provision</li> <li>• eCommerce</li> </ul>	<ul style="list-style-type: none"> <li>• Daily life</li> <li>• Expense control</li> <li>• Immediacy</li> <li>• Transparency</li> </ul>	<ul style="list-style-type: none"> <li>• Convenience</li> <li>• Flexibility</li> <li>• Ease of use</li> <li>• Customer support</li> <li>• Availability</li> </ul>	<ul style="list-style-type: none"> <li>• Customization</li> <li>• Payment deferment</li> <li>• Support</li> <li>• Flexibility</li> <li>• Adaptability</li> <li>• Trust</li> </ul>

# Downward Trend for Credit Cards

Consumers shed \$4.2 billion in credit card debt in January, erasing the previous month's uptick that likely was caused by relatively robust holiday credit card spending, according to data the Federal Reserve Board released March 7...

*Payments Update, Mar. 9th, 2011*

Card demand in upcoming 6-12 months



# Debit and Prepaid Cards: the present and future payment vehicle\*



Pressure on credit

Looking for new revenue sources

Potential for product bundling

Changes in the macro-economic  
landscape.

Key regional initiatives

New Channels: Web and Mobile

# Prepaid Add Value To The Customers

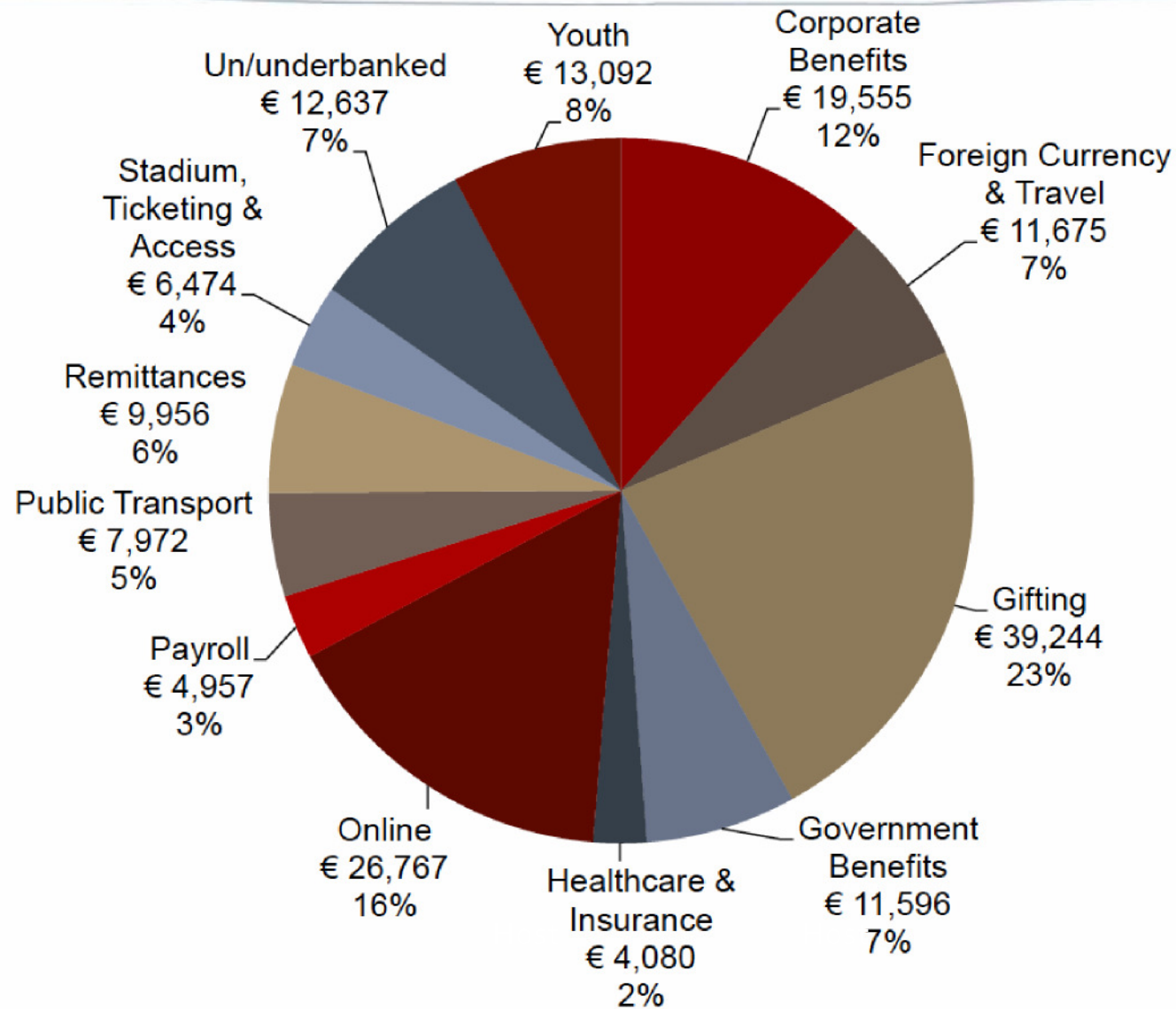


Prepaid Card Segments				
Employer to Employee (E2E and G2G)	Government to Consumer (G2C)	Consumer to Business (C2B)	Business to Consumer (B2C)	Consumer to Consumer (C2C)
Payroll	Social Security	Charity	Rebates /Penalty Loan Distribution	Gift/Family
Benefits	Food Stamps	Internet/Mobile purchases	Insurance	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	Students

***.. A Concept not a Product ...***



# Pre paid – Opportunities



# Multi-Channel

Broadband infrastructure  
and e-commerce

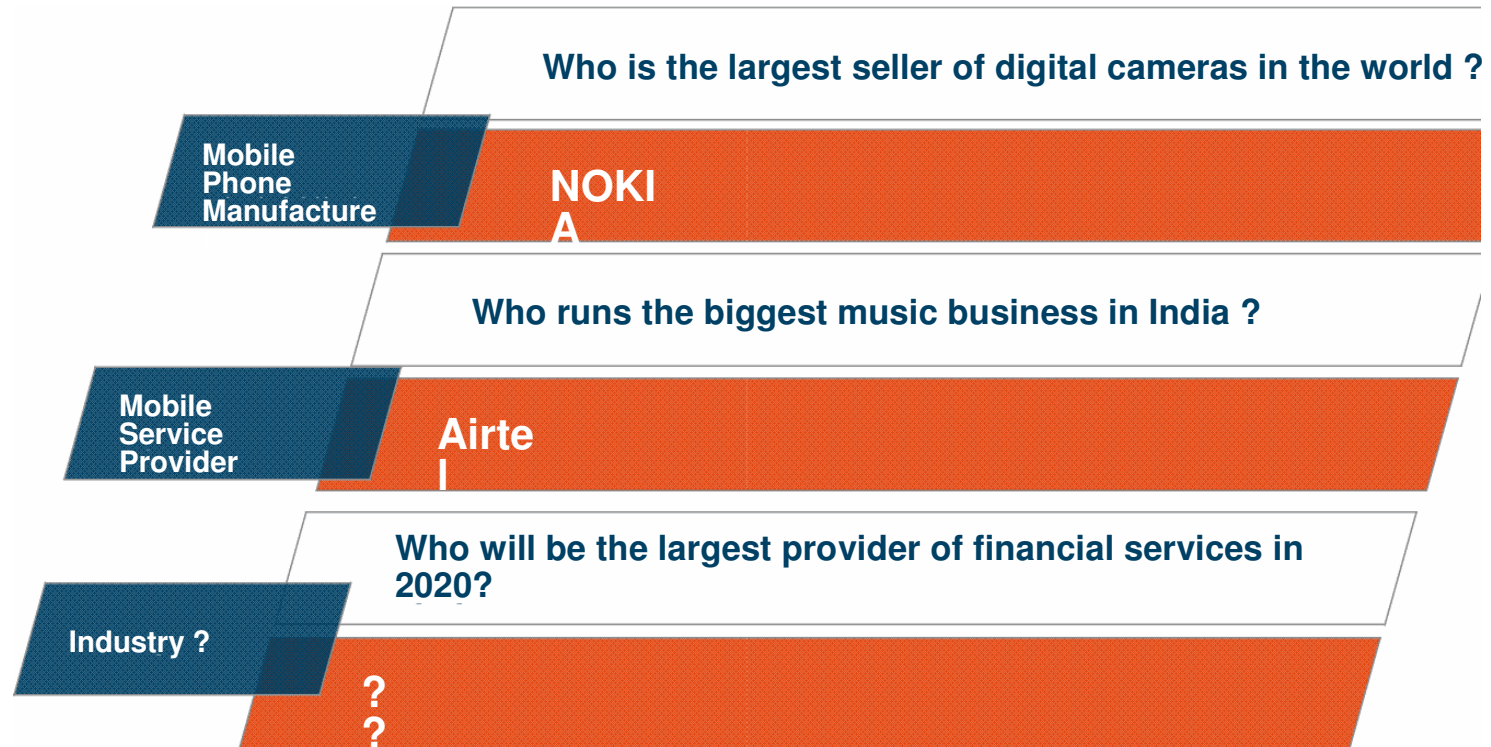
New online payment models

Social networks and online  
gaming

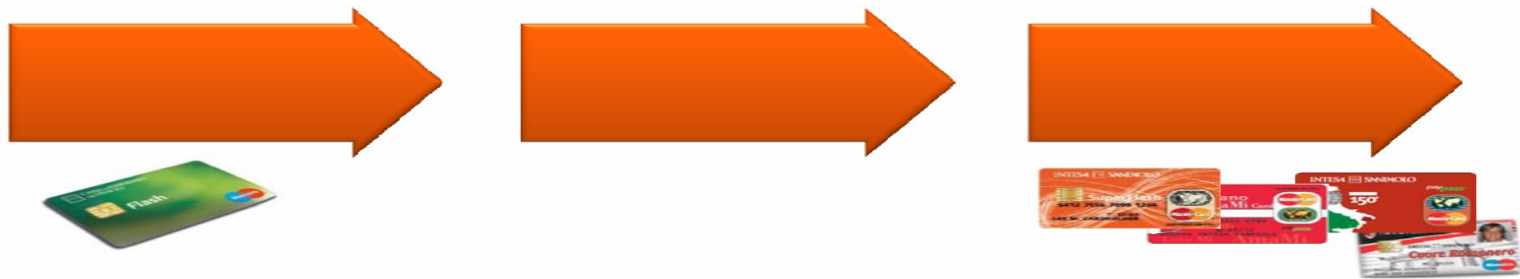




# Prepaid – Power to redefine markets ?



# The Italian Post Office launched first. Now 7 million of cards



**2004**

Reloadable  
prepaid card  
introduced in the  
market

**2005-2008**

Consumer shows  
self-segmentation  
in usage patterns:

**2009**

Vertical products  
targeting specific  
usage

***Prepaid Cards are Essentially Electronic Money***

# Evolution of prepaid offer in the Middle East

---



Are we starting from the right side?



- Vertical products
- Complex pricing model often with subscription
- Smaller scale distribution
- Poor value propositions

# Main Resistance to Prepaid Cards in ME

Infrastructure and Channel Access

Education (end users, bank employees, merchants)

Infrastructure/Distribution

Production of a Business Case  
(Cost/Revenue Analysis)

Cultural Differences between Bankers  
and Merchants  
(in Europe Merchants are authorized to issue  
Prepaid Cards)





In



Define Customers/Products mix

Comprehensive (types and channels), cost-effective, secure and easy to use solution

Target critical mass quickly

Regulations and frauds fighting

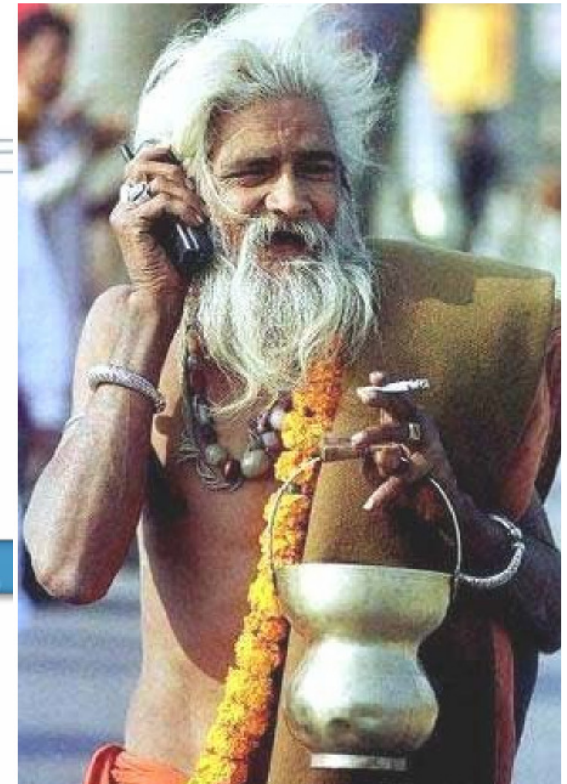
Experience through consultants and technology providers

# Marriage between Mobile and Payments



NFC (Near Field Communications)


- Standards Converging
- Different Technologies
- Lack of handsets



**5 Billions  
Mobile**





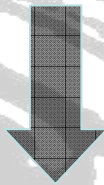
A man in a white shirt and yellow tie is holding up his right hand in a 'stop' gesture. The background is a solid blue color. The text 'How do you stop Frauds Before they stop you' is overlaid on the hand.

How do you stop Frauds  
Before they stop you



## The Business Need

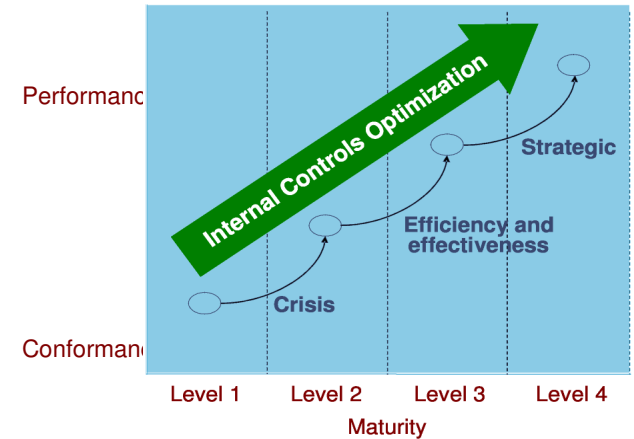
- Anti Money Laundering (AML) is increasing in importance, especially with Prepaid.
- Some institutions have been fined (BoFA) or have lost the banking license
- Unclear the situation with new regulations



## There are Solutions

- Design and change rules
- Extract, Validate, Transform and Load Engine
- Case Management (False Positive)

# Current Market Trends



- “Fraud in the workplace is likely to accelerate during the global economic downturn.”

Corporate fraud in the UK has increased by 50% in 2008:  
£630m in 2008/H1, up from £421m in 2007/H2.

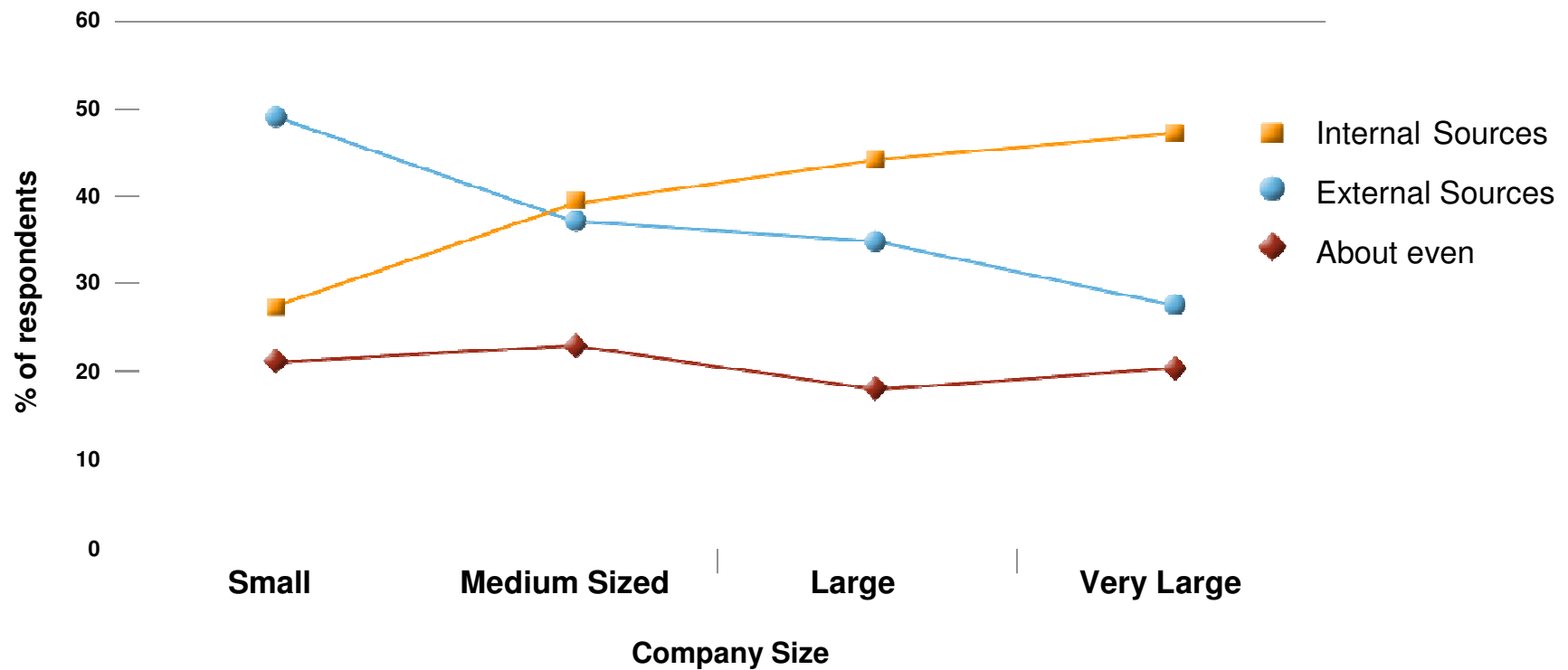
KPMG

- “As the faltering economy forces companies to turn to job cuts, wage and bonus freezes, outsourcing and other belt-tightening moves, the insider risks are multiplying. When there is uncertainty, it creates stress for employees and makes the company more vulnerable.”

Management Concepts Inc.

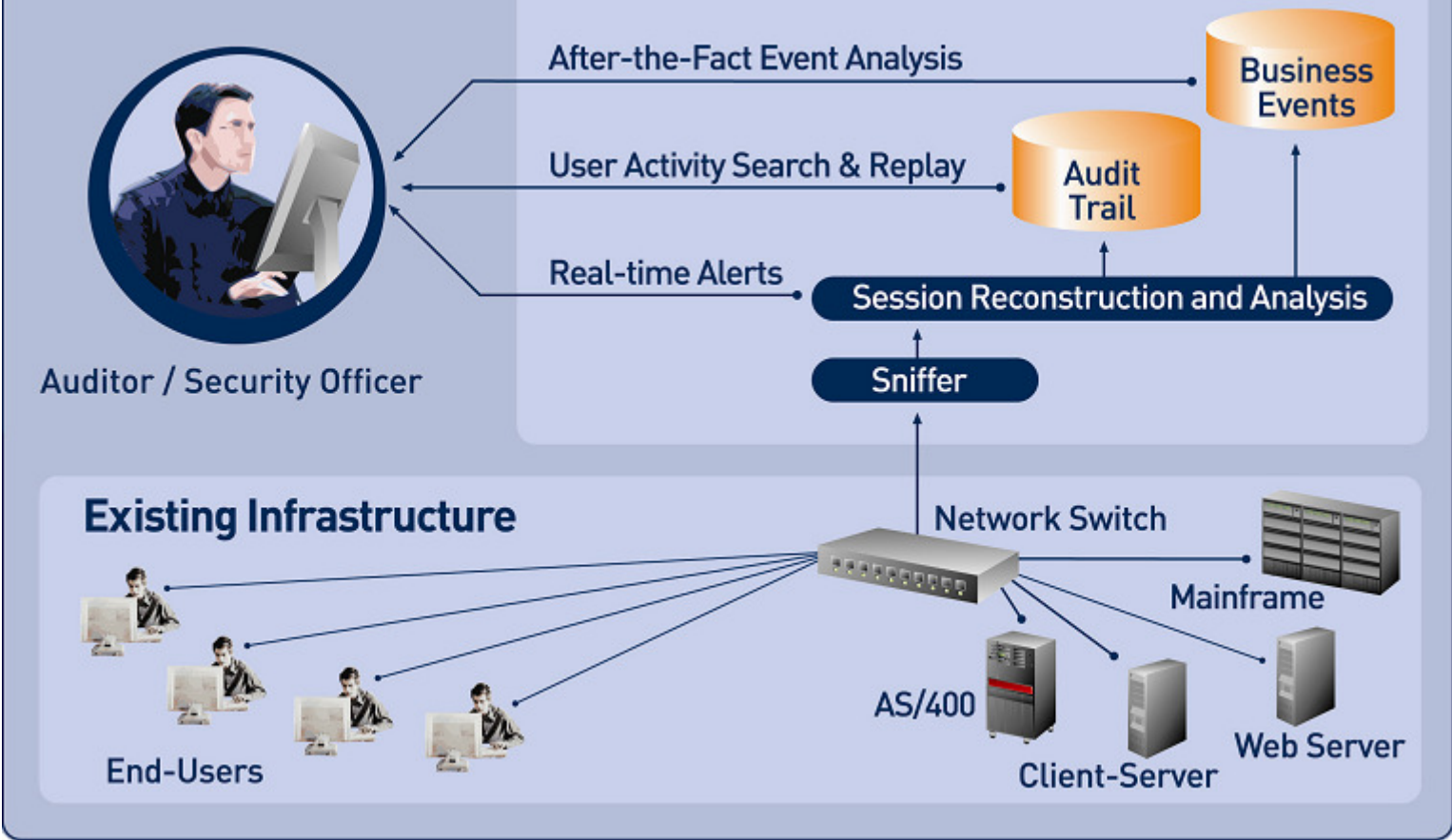
# Internal Threat vs. External Threat

## Internal Threat Grows as the Organization Grows Larger



Source: IDC's Security Survey, 2006

# Enterprise Fraud Management System



# The (Near) Future



Integrate

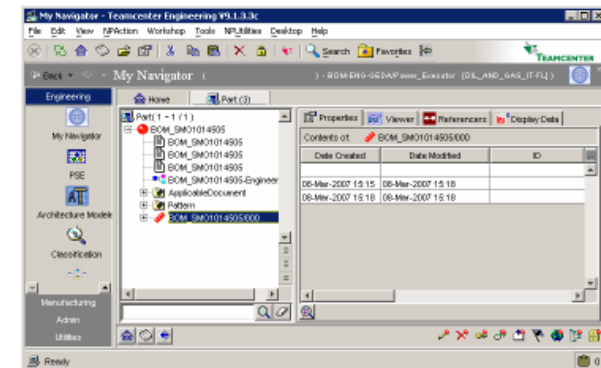
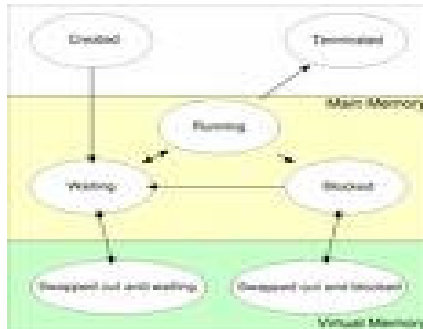
Be Each Customer-Centric

Mobilize

Product

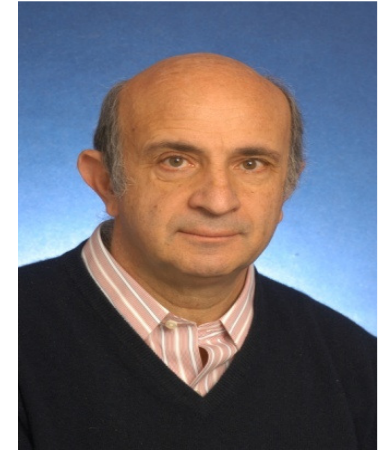
Process

Infrastructure



***Move from Prepaid Cards to Prepaid Instruments to improve the flow***

# Appendix



## Worked in 10 Countries in several companies

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

Director for Pinion with projects in several continents

## Six Sigma Master Black Belt



Bernardo.nicoletti@katamail.com Cell: +39 348 470 7016

[www.bernardonicoletti.com](http://www.bernardonicoletti.com)