



Acquiring Margin Compression – New PSE European MSC Survey Results

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The Merchant Acquiring Conference 2011



2011 MSC Survey - Summary

Convergence

Long term trend towards convergence continues but with more harmonised structures about 4-5 years away in the old EU nations.

Credit MSC's

Big 5 countries gradually moving to converged rates. Spain lowest followed by UK and Italy (1.25%). Spain offers most in its MSC's. Germany has highest rates. Nordic credit rates in Norway and Finland are high and showing the slowest decline since 1995. CEE rates moving towards Big 5. Smaller countries converging at about 1.5% - 1.75%.

Debit MSC's

Of the "Big 5" Spain has shown the steepest decline since 1995. Germany still the lowest. In the Nordics rates in Denmark lowest. Rates are rising in Finland. CEE rates are high matching credit card rates with Poland as the highest. In the smaller countries Portugal very significantly higher (0.8%) with the lowest the Netherlands.

Credit & Debit Rates by Sector

Rates continue to reflect traditional pricing bands with lowest rates in petrol and supermarkets. SME's continue to pay above the average

Differences in Commercial Offer

Too early to assess the impact of unbundling. All respondents claim to have unbundled but as yet limited evidence.

Interchange Rates

Continue to decline with greatest impact in Spain and more recently in France (down from approx. 0.45% to 0.28%). DG Markets benchmark intra rates of 0.2% debit and 0.3% for credit gradually having an impact.



- Countries: Belgium, Czech Republic, Denmark, Finland, France, Germany, Ireland, Italy, Latvia, Norway, Poland, Portugal, Spain, Switzerland and the UK.

- Collected data on current average MSC rates:
 - By card type (debit and credit)
 - By Card Scheme (Visa, MasterCard and domestic debit)
 - By merchant sector
 - Included/excluded in MSC rates

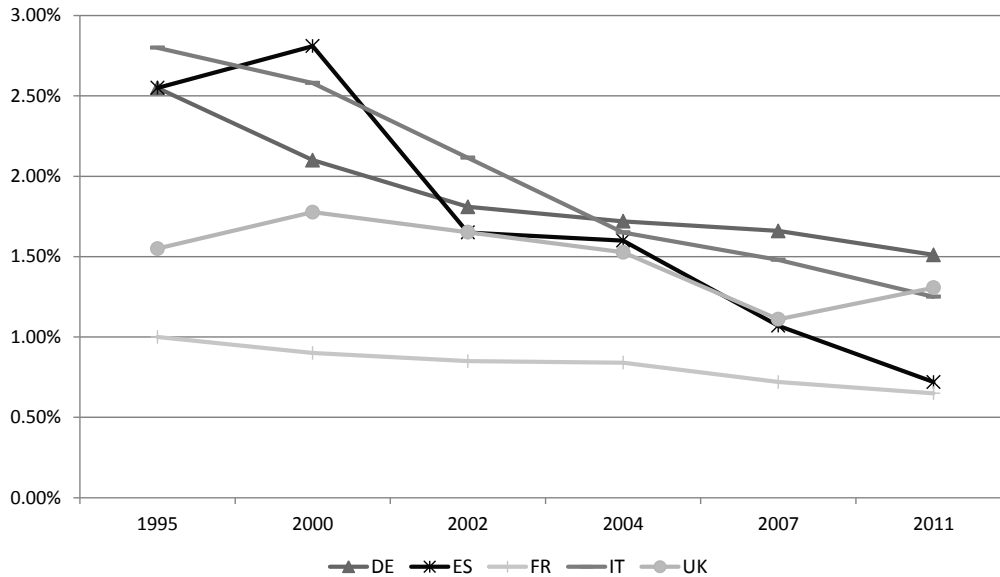
- Average rates weighted based on the contributors' and card scheme market shares.

- Historic data used showing trends in MSC rates since 1995.

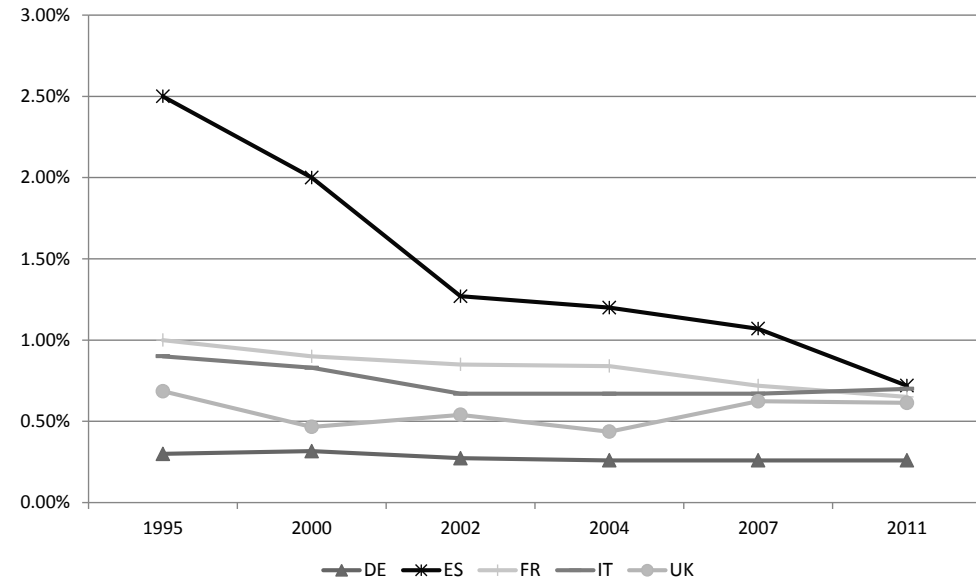


EU Five – Historic Rates – 1995 to 2011

EU Five – Historic Credit MSC rates



EU Five – Historic Debit MSC rates



- Clear downward trend in all large established markets.
- The rates shown for France are before the latest reductions in interchange.
- Spain most significant decline since 1995 2.0% - 0.8%.

- The Spanish debit rates are just still the highest. Germany still the lowest.
- UK rates appear to be increasing due to increases in interchange (Visa Debit).



Online Debit Usage

	BE	DE	DK	ES	FI	FR	IE	IT	NO	PL	UK
Local Debit Scheme	Bancontact / mistercash	girocard	Dankort	Servired, Ceca, 4B	Pankki Kortti ⁽¹⁾	Cartes Bleue	Laser ⁽¹⁾	Pagobanc-omat	Bank Asept	Maestro	Maestro ⁽²⁾
May be used online	✓	✗	✓	✓	✗	✓	Without full security	✗	✓	✓	✓
Type of charge	Fixed per txn	-	Fixed by txn value bands	Fixed per txn	✗	Ad valorem	Fixed per txn	-	-	Ad valorem	Fixed per txn
International debit cards	Maestro	Maestro	Visa Master Card	Only for cross-border	Visa Debit Master Card Debit	ICS Only for cross-border	Visa Debit Maestro	Visa Master Card Debit	Visa Debit	Maestro	Maestro
May be used online	✓	✓	✓	-	✓	-	✓	Maestro	✓	✓	✓
Type of charge	Fixed per txn	Ad valorem	Ad valorem	Ad valorem	Ad valorem	Ad valorem	Ad valorem	Ad valorem	Ad valorem	Ad valorem	Fixed per txn

Source: PSE Consulting 2011 MSC Survey

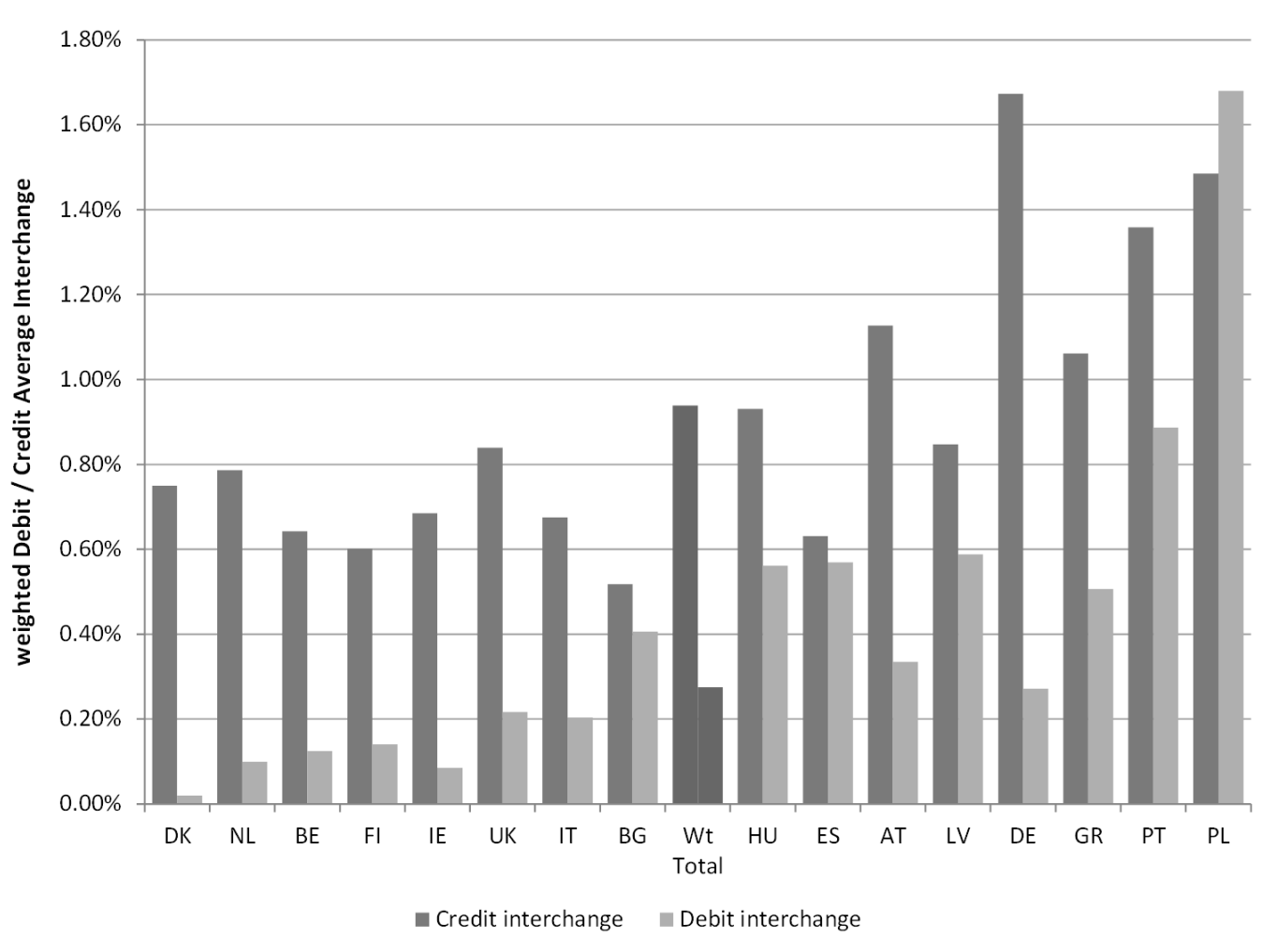
(1) UK - In process of being phased out

(2) Maestro is perceived as a Switch variant



EU Interchange Rates

EU Weighted Average Debit and Credit Card Interchange Rates





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