

**Facsimile Cover Sheet**

To: Jeff Macauley or Carolyn Bonheur  
Company: MasterCard International  
Phone: (212) 649-5376  
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From: Ann Camanillo  
Company: MasterCard International  
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Date: 9-9-94  
Pages including this cover page: 07

Jeff or Carolyn,

If these news releases have not been sent out to MBNA through mass mailing, could you please get originals and send them out to the attached list of people using the attached letter format as soon as possible? Thanks for your help.

if you want to fed ex them all to Danielle Welcher at my mail stop, she can distribute them within MBNA through interdepartmental mail. Just put each one in a labeled envelope and ask her to put them in the interoffice mail.

*Thanks,  
Ann*

P-1126

X

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MCJ0024984

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*add Penelope Taylor - EVP*

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Dear:

MasterCard continues to progress in the development of the Chip card. Last week the second of a three-part international specifications for chip cards for payment systems was completed. MasterCard has also announced the first smart card application as the prepaid feature focusing on small purchase items typically requiring coins or small bills.

The attached new releases provide additional information on each of these major announcements. Further information will be provided as chip technology developments occur. Please feel free to contact me with any questions at (212) 649-5526 or extension 32117.

Sincerely,

Ann J. Camarillo

Attachments

September 12, 1994

«mrms» «first» «last»  
«bankname»  
«streetaddress»  
«citystatezip»

Dear «first»,

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Sincerely,

AJC/jdm

Attachments

Release Date

For Immediate Release

Contact

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MasterCard International  
212/649-5206



Nancy Elder  
MasterCard International  
212/649-5439

### MasterCard Announces First Smart Card Application

NEW YORK, Sept. 8, 1994 -- MasterCard International announced today that the first application it will offer on its new smart card will be a prepaid feature, enabling cardholders to use the card for purchases that traditionally required coins or small bills.

In July, MasterCard became the only bankcard company to fully endorse microchip technology by announcing that it will move its entire payments platform from magnetic stripe technology to chip technology. Research shows that more than \$3 billion dollars worldwide could be saved over a seven year period, in addition to new services that could be offered by adopting chip technology.

"The microchip will not only make MasterCard the most protected brand on the market, it will make it the smartest brand on the market by offering the cardholder a variety of new services that were not possible before. The prepaid feature is just the first of many smart services that MasterCard will be developing," said MasterCard Executive Vice President Philip P. Verdi.

In the United States alone, more than 237 billion transactions totaling \$600 billion are made with cash each year. It is estimated that 84 percent of those transactions are valued at less than \$20. MasterCard expects to penetrate that segment by offering its prepaid feature on both credit and automated teller machine (ATM) or debit cards — making the card more useful to the cardholder.

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**News Release**

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**MasterCard Smart Card...2**

"The research that we have conducted shows that consumers like the idea of a prepaid feature, citing its added convenience and security," said Diane Wetherington, senior vice president, chip card business/marketing. "They also like the versatility it will offer, as the chip will enable multiple currencies to be stored and used on a single card.

"Our prepaid card will also increase the types of locations where the cardholder can use his or her card, such as newspaper stands, vending machines and parking meters, to name just a few," Wetherington said.

MasterCard expects that its first prepaid card will be available on a limited basis beginning in 1996.

MasterCard International Incorporated, headquartered in New York City, is a global payments franchise comprised of nearly 22,000 member financial institutions worldwide. Through its family of brands, MasterCard offers a full range of credit and debit products and services supported by a global transaction processing network. In 1993, 210.3 million MasterCard credit cards generated more than \$320.6 billion in transaction volume at 12 million acceptance locations worldwide.

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For Immediate Release

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PAYMENT CARD ORGANIZATIONS COMPLETE  
PART II OF THE WORLDWIDE SPECIFICATIONS  
FOR THE INTRODUCTION OF CHIP CARDS

NEW YORK, SEPTEMBER 6, 1994 -- Europay International, MasterCard International and Visa International today announced the second of a three-part international specification for Integrated Circuit (IC) Cards for Payment systems. The three payment organizations jointly completed Part I of the specification in June and plan to finish the specification process later this year to enable manufacturers to develop chip cards and terminals for financial applications.

Part II of the specification defines the interaction between the chip card and the merchant point-of-sale (POS) terminals in order to deliver payment services to the cardholder. Specifically, Part II addresses the following:

- Data elements -- what elements will be located in the chip such as the account number and expiration date, as well as other items such as transaction counters and cryptographic elements;

- more -

- Structure and coding of messages -- defines what communication will take place between the chip and the terminal to handle transactions;
- Application selection -- the process that takes place for the terminal to determine what applications are on the card and the process to select the desired application

Part I of the specification which has been provided to member financial institutions addressed the electrical and mechanical specifications for the manufacturing of chip cards and merchant POS terminals.

Part III will complete the process by illustrating how the chip card and merchant POS terminals will work together to complete a financial transaction. The target release date for Part III is fourth quarter 1994.

When completed, the three-part specification will set the stage for the worldwide introduction of IC cards that are capable of functioning across borders and systems. With this joint agreement, the card organizations have accelerated the development of global specifications. This will enable the payment card industry to meet the payment needs of the next century and facilitate consistent chip card implementations worldwide.

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