



MasterCard International U.S. Acquirer Committee



P-1129

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MCJ0037564

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**MasterCard® International
U.S. Acquirer Committee
June 6, 1995
San Francisco, California**

The meeting convened at 8:30 a.m. on Tuesday, June 6, 1995 at the Ritz-Carlton Hotel in San Francisco, California.

Acquirers:

Mr. Bayyari	Mr. Fujitani
Mr. Brick	Ms. Miles
Mr. Bussetmaier	Mr. Recktenwald
Ms. Cerpanya	Ms. Rossi
Mr. Chatham	Mr. Stanford
Mr. Dennis	Mr. Strider
Mr. Drucker	Mr. Turille

MasterCard Staff:

Ms. Alexander	Mr. Lewis
Mr. Blair	Ms. Minichiello
Ms. Cline	Mr. Newman
Mr. Cruickshank	Mr. Park
Mr. Gore	Mr. Robinson
Mr. Grosso	Mr. Stanley
Mr. Hanft	Mr. Stefanelli
Ms. Hennessey	Mr. Sullivan
Mr. Heuer	Mr. Wright

WELCOME

Fred P. Gore, Senior Vice President, U.S. Acceptance, opened the meeting by welcoming all attendees and introducing new committee members: John L. Busselmaier of First Bank Systems and J. David Stanford of KeyCorp. In addition, he introduced Alan Heuer who recently joined MasterCard as President, U.S. Region. Kevin Sullivan, Vice President, Acquirer Relations, then presented an overview of the day's agenda. The minutes from the January 31, 1995 meeting were approved as written.

GLOBAL POINT OF INTERACTION STRATEGY

Sharon Cline, Senior Vice President, Global Point of Interaction, presented an overview of the strategic direction to be taken by the newly formed Global Point of Interaction group at MasterCard. She noted that several converging factors are influencing the development of this function: a change in consumer usage habits, consumption and demographics; the emergence of new sales channels; increased speed in transactions; enhanced reliability of technology and integrated processing capabilities. Meanwhile, she said, the traditional point of sale platform is evolving to include many new technologies: chip, PIN, biometrics, signature capture, cardholder activated terminals, ATMs, personal computers and telephone. Distribution channels are also changing to incorporate such technologies as cellular, frame relay, interactive and cyberspace.

Ms. Cline stated that MasterCard must identify opportunities to offer value-added information services to acquirers, merchants and cardholders. Several acquirers expressed the desire to learn of MasterCard's plans in this area during the development phase to ensure that the committee has the opportunity to advise MasterCard on how these organizations will work together. Ms. Cline indicated she would return to the committee when concepts behind these information-based products are available.

Ms. Cline also updated the committee on the business status of the MasterCard Automated Point of Sale Program (MAPP). Transaction growth for MAPP grew 30% in 1994 from 1993. Transaction volume for 1995 is currently running 35% above 1994 levels. Profitability for 1994 increased significantly from 1993 levels. Several acquirers expressed the opinion that profits from MAPP should be used to lower pricing overall to member acquirers.

THE INTERNET

David Lewis, Vice President, Electronic Commerce, addressed MasterCard initiatives relative to electronic commerce.

Mr. Lewis first offered an overview of the Internet, Worldwide Web and current applications such as database inquiring, E-mail, marketing services and electronic commerce. Over the past year, the number of consumers using the Internet as well as the number of companies that have established a presence there has grown dramatically. Estimates show 25,000 merchants currently set up to conduct business on-line with 1 million projected for 2000. MasterCard is acting now to develop the infrastructure to support transactions over public and private computer networks. An electronic commerce group has been developed at MasterCard. Headed by Ed Hogan, Senior Vice President, the group will address issues related to transaction processing, rules and policies and security for electronic transactions.

The committee requested certain outstanding issues be addressed including the BankNet Internet gateway function, security plans and debit processing. Mr. Lewis agreed to keep the committee up to date on developments related to electronic commerce.

CHIP TECHNOLOGY

Terry Stanley, Director, Chip Card Technology, then presented an overview of chip card technology, its applications in the bankcard industry and the global standards under development jointly by Eurocard, MasterCard and Visa (EMV).

Counterfeit now exceeds theft as a source of fraud worldwide, he said. Chip technology affords the bankcard industry effective card authentication and cardholder verification methods. Despite the many benefits of smart cards in the area of combating fraud, MasterCard is pursuing chip card strategies for overall positive profitability impact which includes new merchant market penetration and increased volume. This technology will be utilized in conjunction with Personal Identification Numbers (PINs).

Smart card technology was first employed by international telecommunications companies in the early 1980s as pre-paid, disposable card products, Mr. Stanley reported. The smart card was later used in Denmark in a pre-paid "memory" application for use at various point of sale locations. The product was viewed as a way to reach the "unbanked" -- consumers without credit card, debit card or deposit accounts. One of the first uses of chip as a way to track frequency shopping originated in Singapore (off-line). A multi-functional card (credit, debit, calling card) has been in development in Germany for several years.

In terms of transaction flow, Mr. Stanley said, smart cards will support off-line authorizations as well as on-line issuer-driven programs. The smart card can also be used to script messages between the host and the POS terminal. MasterCard envisions that mag stripes will be present in the first waves of any smart card initiative, therefore ensuring its merchant compatibility. There are currently four classifications of smart cards. A simple memory card will store a limited amount of data and be compatible with off-line authorizations. An intelligent memory card features an integrated circuit chip. Processor designates a card that functions like a central processing unit with Read Only Memory (ROM) and Random Access Memory (RAM). A multifunctional card operates with an operating system and a processor. Card manufacturing costs range from \$0.75 to \$16.00 per unit depending on functionality but it is expected that costs will decrease markedly over the next few years.

Mr. Stanley noted that many acceptance devices today can read chip cards. Over time, interconnected networks will evolve that will allow acceptance at alternative point of interaction platforms such as mobile phones and financial institution networks.

Mr. Stanley reported that Europay, MasterCard and Visa have been working together to develop specifications and standards for card development which will enable manufacturers, issuers and acquirers to fully understand what the product will look like in advance of any market development efforts. The first release from this group was announced in 1994. Subsequent learning was incorporated into a second release in June of 1995. Future releases will accommodate changes in technology.

Mr. Gore stated that MasterCard's initial smart card development efforts have centered on understanding fraud benefits and developing a business case but that now the focus has shifted to operating pilots in global markets such as the Canberra, Australia pilot scheduled for later this year. One acquirer requested that an update on chip technology be presented to merchants at the upcoming MasterCard Retail Forum. Ms. Alexander said such a presentation was already included on the agenda.

OPERATIONS UPDATE

Robert Newman, Vice President, Merchant Operations, then presented an update on MasterCard rules, policies and operational changes that impact acquirers. This will be a regular feature at Acquirer Committee meetings going forward, Mr. Newman said.

Mr. Newman reviewed matters before the International Operations Committee (IOC) meeting held February 22-24, 1995 including these voting items: mandate of the 635 Purchasing Card Addendum Record; elimination of the reason for potential chargeback in the retrieval request record; and elimination of the sales receipt document request for "no signature" chargebacks at CAT Level 2 terminals. The following discussion items were addressed at the meeting: restricted use of "no signature" chargeback for counterfeit accounts for self service terminal transactions; amendment of bylaws and rules to prohibit acquirers and merchants from establishing a maximum; and the data integrity program.

Voting items for the June 1995 IOC meeting included: restriction of the "fraudulent transaction/no signature" and "fraudulent transaction/no imprint" chargebacks for counterfeit account level 2 CAT terminals; amendment of bylaws to prohibit merchants displaying the logo from establishing maximums; in-flight commerce; proposal to modify CAT rules; rules modification for electronic commerce; merchant ID mandate; and liability of issuers for fraud on plastics stolen from agents.

Mr. Newman requested that the committee provide feedback on a potential MasterCard program that would help issuers identify the specific department at the merchant where the transaction is taking place. To do this, department code MCCs would be included in the authorization request record such as jewelry, computers, etc. rather than the broad "department store" MCC. The committee said such a change would be difficult and

costly to implement both within their own shops and at the merchant. In addition, the benefits to the acquirer/merchant are not clear. This program could result in a higher level of declines and the acquirers would like to know if there would be any shift in fraud liability to reward merchants for providing this information. Several committee members said they would be willing to bring the concept directly to their merchants to provide feedback to MasterCard. Mr. Newman said he would update the appropriate groups at MasterCard in regards to this feedback and report back to the committee.

DEBIT DESTINATION PROGRAM

Carl Stefanelli, Vice President, Debit Acceptance, then updated the committee on a destination market program designed to increase the number of Maestro acceptance locations displaying signage at highly visible tourist areas in the U.S. as well as grow volume and promote Maestro issuance.

Following research, the Maestro staff identified 10 U.S. cities with heavy international and domestic traffic as well as a strategic fit with MasterCard's company-wide objectives. Acquirers who sign merchants in specific MCCs and zip codes can qualify for three distinct tiers of incentives that range from a free debit terminal, pin pad and printer to an extremely competitive offering from VeriFone. Acquirers will be able to decide whether to reward the POS technology to the merchant or use it with other merchants. Committee member feedback to the promotion was extremely favorable with most indicating they will participate.

Mr. Stefanelli reminded the committee of the other 1995 initiatives underway to support acquirer debit efforts such as a merchant decal sweepstakes; an acquirer sales contest; advertising in tourist books and brochures; trade/consumer public relations; acquirer sales materials; and point of purchase signage.

He reported that learning from a recent merchant program at a factory stores mall in Vacaville, California will be packaged and distributed to the acquiring community shortly. In the successful Vacaville program, Maestro quantified the positive impact of clerk training and signage in increasing overall penetration of check and cash sales.

PURCHASING CARD

Joan Hennessey, Vice President, Purchasing Card Acceptance, then presented an update on MasterCard's efforts to build acquirer support and merchant acceptance for the Purchasing Card product. There are now 45 acquirers active in this market.

Ms. Hennessey provided detail about the MasterCard mandate of the 635 Purchasing Card record (effective September 30, 1995) and the processor certification program. Ms. Hennessey requested the full support of the committee members in meeting this mandate.

MasterCard is currently developing a supplier directory that issuers can share with prospective and current clients. The directory, which includes the merchant DBA, city, MCC, data capture (level II or III) capability, tax ID and merchant type, is designed to drive usage to MasterCard Purchasing Card merchants. The committee endorsed the approach outlined for the collection and dissemination of this directory.

In another new initiative, MasterCard plans to create a supplier acceptance announcement vehicle to be sent to corporations that will serve as advertising for accepting merchants. This concept has been extremely well received by all parties involved: merchants, corporations, issuers and acquirers. The committee complimented staff on its efforts to create simplified marketing materials that directly appeal to the Purchasing Card target groups.

MEETING CLOSING

Mr. Gore closed the meeting by thanking all participants. He announced that the next meeting will be held September 28, 1995 in New York. With no further business, the meeting was adjourned.

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**MasterCard International U.S. Acquirer Committee
Agenda
Thursday, November 2
Purchase, New York**

8:30 - 9:00 a.m.	Breakfast	Meeting Room
9:00 - 9:15 a.m.	Welcome	F. Gore
9:15 - 10:00 a.m.	Chip Update	D. Wetherington
10:00 - 11:00 a.m.	Electronic Commerce	T. Pouliot
11:00 - 11:15 a.m.	Break	
11:15 a.m. - 11:45 a.m.	CVM	J. Hancock
11:45 a.m. - 12:15 p.m.	New Market Programs	S. Carter
12:15 p.m. - 1:30 p.m.	Lunch	
1:30 p.m. - 2:00 p.m.	Government Market Update	K. Sullivan
2:00 p.m. - 2:45 p.m.	MasterCard Online	A. Grim
2:45 p.m. - 3:00 p.m.	Break	
3:00 p.m. - 4:00 p.m.	Retail Index Program	E. Alexander
4:00 p.m. - 4:15 p.m.	Closing Comments	F. Gore



Date
October 17, 1995



To
U.S. Acquirer Committee

From
Diane Wetherington

Memorandum

Subject

Acquirer Committee Pre-Read

Copies To

An update will be given on MasterCard's recent smart card activity in the last few months. In March 1995, MasterCard announced the first roll-out of our stored value product in Australia. An overview and update will be given on the Australian pilot. Merchant acquirer participation, merchant training and recruitment will be covered. We will also review other stored value programs in progress.

We will also review our newly developed merchant profitability model for stored value. We look forward to your comments and feedback on the model.

We will also entertain questions about our chip activities relating to the acquiring community or in general.

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MCJ0037578

Date
October 17, 1995



To
US Acquirer Committee Members

From
Tom Pouliot

Memorandum

Subject
Electronic Commerce

Copies To

In my presentation I will report on MasterCard's effort in the fast moving Electronic Commerce arena and will cover the following:

- Introduce the mission and role of the Electronic Commerce Group along with the anticipated initiatives for 1996
- Review the status of MasterCard's Security Standard
- Explain how that standard will be implemented
- Outline the potential processing flow for authorization and deposit over the Internet

We look forward to sharing our perspective and hearing your feedback on this important emerging area.



Date

October 17, 1995



To

U.S. Acquirers Committee

From

Jody K. Hancock
Stowe Frey

Memorandum

Subject

Market Impact Assessment of CVMs at the Point of Sale

Copies To

In July of 1994, the MasterCard International Board approved a resolution to support the implementation of a chip card delivery platform for all MasterCard products. The Board supported simultaneously developing a related Cardholder Verification Method (CVM), likely PIN.

Pursuant to this resolution, MasterCard initiated a global market assessment study among its four constituencies – issuers, acquirers, merchants and cardholders – to evaluate PIN as a CVM at the point of sale. The 10 U.S. issuers/processors who constituted the first research phase recommended that the subsequent phases of the study incorporate other cardholder verification methods, such as biometrics.

The second phase, including discussion of biometrics, is scheduled for completion in October '95 and covers interviews with U.S. acquirers and merchants. The results of these first two phases will be presented at the U.S. Acquirer Committee meeting. Some highlights for your review and input are outlined on the following page

The last phase to be initiated this autumn will 1) complete merchant/acquirer/issue research in three additional countries: Brazil, Korea, and the U.K., and 2) include cardholder research in all four countries, including the U.S.

While this is a briefing overview with no specific feedback expected, any input from the U.S. Acquirers Committee is welcome.

MARKET IMPACT ASSESSMENT OF CVMs

HIGHLIGHT SUMMARY: U.S. ISSUERS, ACQUIRERS, MERCHANTS

The Need for a Cardholder Verification Method (CVM) in the U.S.

Only half of *issuers* interviewed are presently convinced of a need for CVM other than signature. All however recognize the need for improved security as the payments industry moves to electronic commerce and broader points of interaction. Meanwhile, other methods currently available may suffice, such as CVC and behavioral profiling and neural nets

The majority of *acquirers* with PIN (debit) experience were enthusiastic about transitioning to PIN-based transactions with single message due to its cheaper processing, the virtual elimination of chargeback and retrieval volumes, reduced fraud passed back from issuers, and the ability to provide merchants with a new cardholder base. Acquirers without PIN experience are not as clear on the benefits of PIN and are uncertain on impact on throughput in store.

Merchants gave similar reasons as those acquirers with PIN experience for advocating moving to PIN at the point of sale. Additionally, they cited that it would result in a probable reduction of check processing.

However, the majority of *merchants* need to be convinced that a new CVM would be better than today's process and safeguards, citing their primary business focus that any new payment process would generate incremental sales, be supported by consumer demand, and/or enhance the "shopping experience".

Choice of CVM: PIN vs. Biometrics

Most *issuers* prefer biometrics to PIN. They felt that biometrics uniquely identifies the cardholder whereas PIN is transferable. However, they hold mixed views about near-term feasibility of biometric solutions, especially cardholder enrollment issues and customer service implications at the POS.

Both *merchants and acquirers* do not perceive that biometrics are feasible in the near term. They consider biometrics too invasive and "Star Wars like" (futuristic).

Migration Strategy

Both *acquirers and issuers* would prefer to implement a CVM migrating directly to chip, although some PIN debit acquirers indicated an interest in moving to PIN while on magnetic stripe. Several concerns were voiced, including:

- Fraud will migrate to weakest link regardless of CVM controls
- Increased consumer demand for PIN self-select which may increase risk if PIN were compromised
- Cost of implementation still unknown

While certain *merchant segments* find obvious benefits to CVM, others will find CVM either difficult to implement or having fewer benefits. These segments included a) car rentals and lodging industries with pre-authorization and b) small ticket/low fraud retail merchants among others.

Merchants indicated that hardware and software upgrades to chip/PIN may not be as difficult as originally anticipated IF the chip platform was rolled out within approximately the natural life cycle of terminal upgrades and was supported and facilitated by hardware manufacturers

Incentives

Both *issuers and acquirers* agreed that an equitable incentive plan to migrate to PIN at the p.o.s. was necessary and had to reflect potential fraud reduction, direct cost savings of both acquirers and issuers, and other benefits derived from a chip platform. Additionally, *acquirers* strongly urged that the new chip-related rules reflect the shift in liability in a more secure CVM environment.

There are some differences as to the length of the incentive period. *Issuers* focused on the one-time conversion to chip infrastructure, including a CVM, while *acquirers* wanted incentives to reflect the long-term payback from fraud reduction.

Merchants, especially those with a large number of terminals per location, indicated that lump sum payments to cover one-time conversion costs may be required.

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MCJ0037584

Date

October 17, 1995



To

U.S. Acquirer Committee

From

Scott Carter

Memorandum

Subject

Acquirer Committee Pre-Read

Copies To

Continued growth in the supermarket category has generated significant new revenue opportunities for acquirers. There is still a lot of room to grow, both in terms of new locations and additional volume. MasterCard has responded by updating and enhancing current promotions and acquirer tools, while also developing new merchant targeted programs. We will review manufacturer tie-ins, frequency and loyalty programs, and the role of co-branding in expanding supermarket acceptance.

We will also report on the recently announced program with BJ's Wholesale Club which is noteworthy as the first warehouse to accept MasterCard. We will also cover the new warehouse interchange.

I will also answer any questions you may have on petroleum, convenience store, fast food, movies, parking, or taxi acceptance.

I look forward to seeing you in November.

Date
October 17, 1995



To
U.S. Acquirer Committee

From
Kevin Sullivan

Memorandum

Subject
Government Acceptance

Copies To
Fred Gore

This provides you with an overview of the presentation I will make at the November 2, 1995 U.S. Acquirer Committee meeting on the subject of government acceptance.

Background

In 1992, MasterCard dedicated staff to government acceptance with an eye toward this \$300 billion market in U.S. consumer payments. Since that time, MasterCard volume growth rates in this category have been strong:

<u>Sub-Category</u>	<u>'94-'95 % Growth</u>
Government services	+43%
Courts	+73%
Tax payments	+11%
Bail bond	+47%

Several high profile government entities have begun credit and/or debit acceptance programs include: The U.S. Postal Service; Phoenix Valley Metro Bus Line; National Park Service; Michigan Department of Natural Resources; City of Boston Parking violations; Milwaukee court judgments; San Jose taxes.

The bulk of accepting government entities however, are "retail-oriented" organizations with competitors (such as the USPS and transportation agencies) rather than mandatory payment agencies (such as tax collectors and courts) that face no competition. U.S. acquirers have faced difficulties in signing new government agencies that refuse to accept card payments without adding a consumer surcharge.

Legislative Update

Thus far this year 31 states have passed legislation allowing credit and/or debit acceptance. Many of these bills include language about surcharging. At the federal level, bills have been introduced to allow widespread government acceptance. The House Ways & Means Committee is considering a bill that would allow the IRS to accept cards. At the November 2 meeting, I will provide the committee with an update on legislative efforts that pertain to acceptance.

Service Markets and Recurring Payments

Very recently, merchants in service industries that have typically not accepted credit and debit cards in the past have begun to express interest in learning more about card acceptance benefits. These industries include: utilities, telecommunications, cable television, subscriptions, transportation, insurance, on-line services (high penetration) and others. MasterCard U.S. Acceptance is currently conducting acceptance pilots with a utility and a transportation provider.

Merchants in these industries are very interested in allowing their customers the option of recurring payments -- where a cardholder authorizes the merchant to bill the consumer's card at regular intervals in the future.

The recurring payment options usually fall into three categories:

- on-going/indefinite
- installment payments for set period of time
- one time payment in the future

There are several operational and customer service issues with recurring payments that must be addressed. MasterCard's 1995-96 plan calls for: an acquirer survey; an issuer survey; consumer research; merchant interviews; exploration of the potential need for a recurring payments indicator in the authorization message; and cardholder communications.

At the upcoming meeting, I will update the committee on MasterCard service market initiatives, plans for future pilots and MasterCard's effort to better understand recurring payments.

Your Feedback Requested

At the committee meeting, I would like to get input on the following issues:

- Suggestions on marketing materials and sales tools that will help your sales force sign government agencies.
- Obstacles the bankcard industry is likely to face as it approaches service market merchants such as insurance companies and utilities about credit acceptance. Also, potential solutions to help demonstrate acceptance benefits to these groups.
- Your experience with recurring payments, your perspective on recurring payments as an opportunity and MasterCard's plan to better understand these transactions.

8

Date

October 17, 1995



To

U.S. Acquirer Committee

From

Anne Grim

Memorandum

Subject

Acquirer Committee Meeting

Copies To

The November 2nd meeting provides an ideal opportunity for us to bring you up to date on the launch of MasterCard Online and MasterCard Market Advisor.

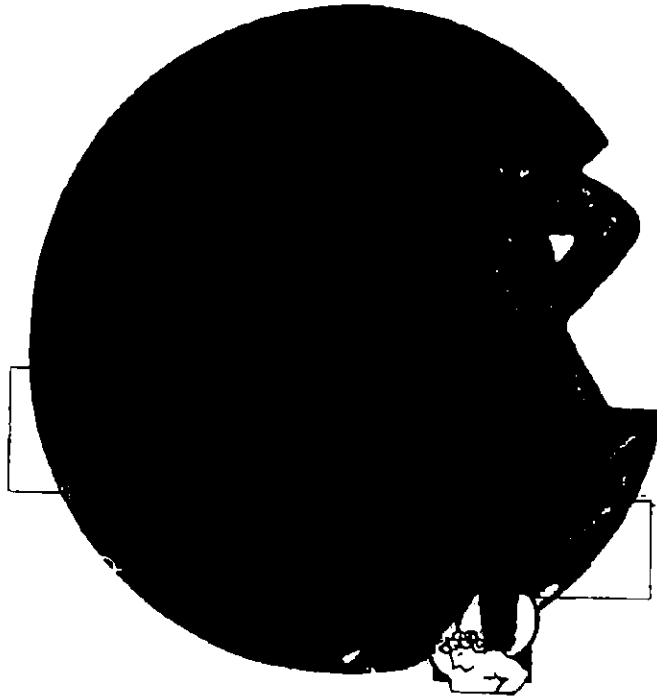
MasterCard Online represents one of this organizations most important developments. It is the technological platform thru which all of MasterCard's products will be delivered to members in the future. Building this platform was crucial to delivering on our goal of providing services to members that improve performance throughout the organization.

The desktop, PC-based format makes accessing MasterCard Online simple. You receive the information you need where and when you need it. Over the coming months, we will populate MasterCard Online with a wide array of products and services that help you to manage the performance of your payments business.

The first product to be delivered across the platform is MasterCard Market Advisor, a database marketing tool that helps co-branding members and their partners to measure the performance of their marketing programs. MasterCard Market Advisor taps the MasterCard information warehouse -- the industries largest warehouse of consumer transaction data -- to provide insight into cardholder spending patterns. This unique tool will provide decision support to help you:

- generate incremental revenue
- create new products
- reduce expenses
- build brand loyalty
- enhance customer service
- select marketing partners
- conduct market research

Plans are well underway to place additional products on the MasterCard Online platform. I look forward to telling you more about our strategy at the November 2nd meeting.



MasterCard
*On*LINE



improving business performance
requires
informed
decisions

To make those decisions, you need timely access to the highest quality, most precise information. MasterCard Online is your gateway to that information.

MasterCard Online embodies MasterCard's total commitment to harnessing the finest technological capabilities to deliver services to members that improve performance throughout the organization. Quite simply, it is the most advanced technological platform of any payments services provider in the world.



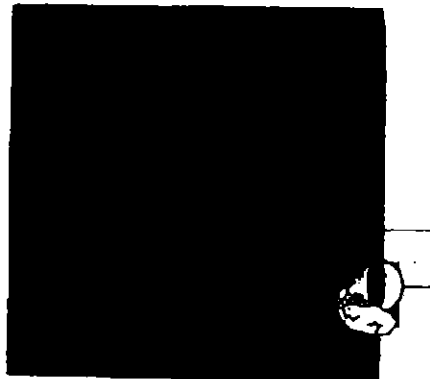
ON TARGET. ON TIME.

ON YOUR DISK. ON COURSE.

MasterCard Online

connects

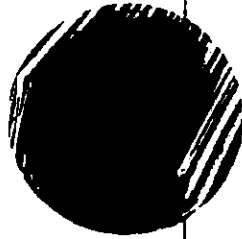
you to the tools you need
to improve
business performance



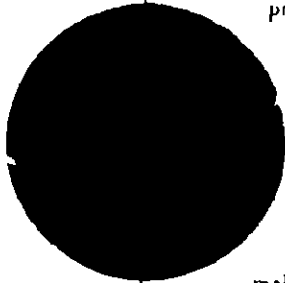
On Target That's where your business decisions need to be. That's where MasterCard Online will take you.

MasterCard Online delivers to you a range of PC-based services that directly affect your top and bottom line. From segmenting markets to identifying potential risks to benchmarking results, MasterCard Online gives you timely access to a range of unique services that help you manage the performance of your payments business.

On Time MasterCard Online gives you online access to a family of products that leverage MasterCard's massive information warehouse with sophisticated data mining and decision-support tools. You conduct business with MasterCard directly, in the most efficient manner, at the time you choose. You access information about your payments business as soon as it enters the MasterCard information warehouse. Timely information results in timely decisions—the kind you need to make.



turn to the **most** advanced



On Your Desk The information you need is delivered to the place where you need it. Point-and-click desktop access enables you to tap the MasterCard Online family of products with ease. These tools allow you to manipulate, analyze, and create custom reports from your personal computer. Some MasterCard Online products also allow you to export data to other Windows™-based software and proprietary databases, making it possible to combine MasterCard information with yours for the most incisive analysis.

MasterCard Online CONNECTS YOU TO THE MOST SOPHISTICATED
SOFTWARE AVAILABLE FOR MANIPULATING MARKET INFORMATION

technological platform



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To access MasterCard Online, you need:

- 486/50 or higher microprocessor
- MS-DOS 6.2 or later
- Microsoft Windows™ 3.1 (enhanced mode)
- 8 MB or more of memory
- 3 MB of available hard disk space
- 3.5" high-density (1.44 MB) disk drive
- VGA monitor (SVGA recommended)
- network connectivity using 14,400 bps modem
(V.34 compatible 28,800 bps modem with data compression capabilities recommended)
- mouse or compatible pointing device

Additional connectivity options are available. Please contact the MasterCard Help Desk for further information.

On Course With constant access to the most relevant, timely, consistent information, you navigate your programs to achieve intended results. Whether your goal is to generate revenue, control costs, reduce fraud, or lighten efficiency, MasterCard Online connects you to the tools you need to improve business performance.



making possible the

most



incisive
analysis

On the Mark Through the MasterCard Online family of products, you can:

- monitor cardholder spending patterns
- spot potential fraud risks
- compare your card performance against peer groups
- identify terminated merchants
- isolate new target markets
- manage the flow of chargebacks, retrievals, and other exceptions



As MasterCard rolls out the wide range of products delivered across the MasterCard Online architecture, you will experience continual improvements in revenue generation, expense control, efficiency, and overall business performance.

All these tools will be delivered using a secured connection that ensures only you have access to your information. MasterCard Online uses security measures that protect your data from unauthorized access.

For the information you need, turn to the most advanced technological platform of any payments services provider in the world. That platform is MasterCard Online.



Date

October 17, 1995



To

U.S. Acquiring Committee Members

From

Ellen G. Alexander

Memorandum

Subject

U.S. Acquiring Committee Meeting - 11/2/95

Copies To

At the meeting we will provide an overview of a new product offering that acquirers can provide to their merchants. We believe that the Merchant & Consumer Index Program is a highly leveragable product complementing the strength that most members offer their merchants, which are relationship orientated. Additionally, this program can provide a new fee-based revenue stream for acquirers.

Overview

The MasterCard Merchant & Consumer Index Program is partly a monthly report allowing the retailer to track dollar and transaction volume against other like businesses within MCC category and geographic areas. The other report is based on customer profiles detailing where they live and other psychodynamics.

Although database marketing has become increasingly more sophisticated, the retailer continues to rely on research data to learn more about their own customers and where they live and work; to learn more about the competition; and to gauge the consumer confidence climate. Current market intelligence from research providers fall short in both the timeliness of the data delivery as well as the accuracy of the data collected.

Transaction-based data is the solution to the merchant's need for a timely and accurate tool for strategic and tactical decision making. We believe that this program will be a highly desired necessary program throughout the merchant community.