

“Enhanced Cardis Solution delivers an unparalleled opportunity to address low value payments with a win-win for banks, merchants and card schemes. Supported by Edgar, Dunn & Company, the product solution and economic model has been adapted to fit the unique business and regulatory needs of the European SEPA environment.”

Amsterdam/London, 31 March 2010

Cardis Enterprises International, an innovative payment solutions company, announced today the European introduction of its enhanced low value payment solution with a unique business model that provides a platform to drive cash replacement of everyday small payments.

In the EU-27 alone, cash payments below €20 represent 170 billion transactions annually according to an analysis by Edgar, Dunn & Company. In addition, more than half of these transactions are below €!

Previous attempts to address this significant cash replacement opportunity have failed. Electronic purse solutions did not provide the consumer with clear advantages over cash due to their inherent balance management and reload requirements, nor did they provide for a low cost base because of the costly back-end systems shadow accounting.

Contactless technology has proven to have great appeal to consumers and merchants as a convenient form factor, but does not address the need to reduce processing costs for low value payments. As such, significant cost barriers to contactless card acceptance in low value segments continue to exist.

The Cardis solution offers a paradigm shift to the payment cards business model by introducing end-to-end transaction aggregation - an industry first. This allows for reduction of the per transaction cost by enabling many individual low-value payment transactions to be aggregated into a single (higher value) debit card transaction, without the need for per transaction reconciliation (or shadow accounting), posting or processing at any point in the value chain.

In light of the completion of EMV infrastructure roll-out in Europe, and the cash replacement objectives supported by industry and regulatory initiatives like the Single Euro Payments Area (SEPA) and the Payment Services Directive (PSD), Cardis commissioned payment industry experts from Edgar, Dunn & Company (EDC) to perform an independent review of the solution and enable Cardis to enhance the proposition for the European market.

According to Erik van Winkel, Director at EDC, “the Cardis solution fundamentally alters the economic model of low-value card payments. The resulting cost reduction delivers superior economics compared with existing card payment solutions. The processing costs become proportional to the transaction value, allowing even the smallest transaction to be profitable for all stakeholders.”

Cardis has developed an enhanced proposition, tailored specifically to meet the European market requirements:

- The business model fits closely with the competitive four-party card model and reflects the significant cost efficiencies of the solution. In this way, the Cardis solution provides an attractive business case for banks, schemes, processors and merchants.
- The Cardis operating model has been adapted to integrate into the existing card clearing and settlement model, with minimal processing costs and system changes for participating banks.
- The product proposition takes maximum advantage of the derogations in the PSD around low value payment solutions (e.g. no charge back, no paper statement for low value transactions). Many form factors are supported, including contact/contactless EMV cards, NFC mobile phones, NFC stickers, microSD cards, etc.
- The security features leverage the card scheme mandates of EMV DDA cards, thereby eliminating any hardware impact on POS terminals.

“The Cardis solution provides the missing link to remove the current barriers to extending debit cards into low value payments, bringing all stakeholders (banks, schemes, processors, merchants, consumers and regulators) together in a win-win situation to drive cash replacement,” says Nebo Djurdjevic, CEO of Cardis Enterprises International. “In addition, it can be a strong catalyst through its attractive economic model that can drive adoption of contactless technology.”

Recently, Cardis and EDC have engaged in discussions with a number of key stakeholders in Europe to evaluate the attractiveness of the enhanced Cardis solution within their specific business and market context. These stakeholders include banks and banking communities looking for a low value payment solution to potentially replace an existing electronic purse system, as well as leading card schemes and processors across Europe.

About Cardis:

Cardis provides a unique solution for low value payments with transaction economics an order of magnitude better than the existing payment products. The Cardis solution supports multiple implementation and business models that provide true economic advantage to banks, payment schemes, payment processors and mobile operators in the different eco-systems. It is a proven, ready-to-market solution that can capture the cash replacement opportunity for low value payments in POS, e-commerce and mobile environments. Cardis Enterprises International BV is based in the Netherlands.

For more information, please visit www.cardis-international.com or contact nebo.d@cardis-international.com

About Edgar, Dunn & Company:

Edgar, Dunn & Company (EDC) is an independent strategy consulting firm with a team composed of seasoned professionals who take a highly pragmatic approach to client issues and deliver analysis that is solidly grounded by experience and know-how. We provide both strategic advice and the business services required to translate that advice into action.

EDC is recognized among the world's pre-eminent experts in the payments industry. Additional areas of expertise include new financial services channels, technologies and markets, retail financial services, and e-business.

Established in 1978 in the United States, EDC has expanded to meet the needs of our increasingly global client base. Today we serve clients in more than 35 countries on six continents from offices in San Francisco, Atlanta, London, Singapore, Sydney, Frankfurt and Paris.

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