



Welcome to the **July** edition of ACT News. This complimentary service is provided by ACT Canada; "building an informed marketplace". Please feel free to forward this to your colleagues.

In This Issue

1. Editorial - how are you spending your summer?
2. Tim Horton's and CIBC launch Double Double VISA card
3. ICICI Bank Canada launches mobile banking
4. Tokenization plays the central role in VISA's new cloud payment suite
5. New details on Apple's mwallet launch
6. Consult Hyperion demos EMV mobile payments over BLE on an iPhone
7. NBS Technologies adds Quad SIM manufacturing capabilities to their popular HPX
8. G&D guarantees secure payment function of base digital wallet
9. Ingenico Group continues to be at the cutting edge of secure payments
10. Twitter acquires payments company Cardspring
11. MasterCard partners with Shazam to introduce EMV debit
12. With Gemalto mobile solution, LCL customers get their pin code via SMS
13. Rona and the air miles reward program sign multi-year renewal agreement
14. SecureKey and Oberthur Technologies to collaborate on GSMA mobile connect-based solutions
15. Governments worldwide continue scrutiny of virtual currencies
16. Mercury assists small merchants with mobile loyalty program
17. Paymetric collaborates with Ingenico to boost its multicurrency functionality
18. SAP, Toyota Infotechnology Center and VeriFone connect cars and provide drivers with simplified fueling
19. Amazon launches new digital wallet, sort of
20. G&D's subscription management platform powers Docomo eSIM solution for M2M devices
21. CommunitQ systems joins ACT Canada
22. Mobile payments fuel Starbucks growth



ACT Canada Partners

ACCEO - Payment Solutions Partner

The e-business operations expert, ACCEO Solutions is a leader in banking, accounting, and business software, SaaS solutions, and cloud computing. We also offer a wide range of specialized consulting services covering strategic advising, IT management and infrastructure, payment solutions, custom development, and full integration of our own and of our partners' ERP solutions.

GIESECKE & DEVRIENT - NFC / Mobile Solutions Partner

Giesecke & Devrient has introduced a comprehensive mobile wallet solution for NFC services and beyond, bringing all the functions of an electronic wallet onto a common platform. Now you can access your mobile services anytime, anywhere: at work or home, while travelling or for shopping. Visit http://www.gi-de.com/can/en/trends_and_insights/tsm_for_nfc/_wallet/_wallet.jsp.

INTERAC - Payment Network Partner

Interac Association is a recognized world leader in debit card services. Interac Association is responsible for the development and operations of the Interac network, a national payment network that allows Canadians to access their money through Interac Cash at 60,000 Automated Banking Machines and Interac Debit at 766,000 point-of-sale terminals across Canada. Interac Flash, a secure contactless enhancement of Interac Debit allows Canadians to pay for items instantly with their Interac chip debit card at a reader that supports Interac Flash.

PAYMENTS BUSINESS – Media Partner

New and Renewing Members

Principal Members

Coast Capital Savings Credit Union ~ member since 2013

Ingenico Canada, Ltd. ~ member since 1990

Interac Association ~ member since 1995

National Bank of Canada ~ new member

TD Merchant Services ~ member since 1996

General Members

Advanced Card Systems Ltd. ~ member since 2013

AnywhereCommerce ~ new member

Bulloch Technologies ~ member since 2013

Communitiq Systems Inc. ~ new member

Elavon Canada Inc ~ member since 2013

Home Hardware Stores Limited ~ member since 2013

MillenTech-CTI Group ~ member since 2012

Royal Canadian Mint ~ member since 2005

Sparq Collective Inc. ~ new member



Suncor Energy Products Inc. ~ member since 2010

Associate Members

Muration Group~ member since 2013

Career Opportunities

Looking for good people?

There is a lot of movement in the market, so if you are looking for new employees, we are always aware of some great people. Please contact ACT Canada for more details – postings@actcda.com.

Business Development Manager

In order to support its business expansion, Desjardins Card Services is seeking for candidates to contribute gaining new grounds in the acquiring/processing business.

- Using strong connections in the industry, the Business Development Manager will be accountable for identifying, qualifying and signing new national merchant accounts.
- Engage with strategic partners (Credit Unions, VARs), the successful candidate will be responsible to generate/exploit lead-opportunities.

Development Center Manager

Our company is recognized as a leader in the payment industry. With customers in Canada and United States, our Toronto team is focused on innovation, vision and a commitment to delivering quality software solutions that are easily adaptable and exceptionally reliable. The Development Center Senior Manager will provide leadership and build functional strength in Customer Support, QA, Development and Project Management teams with around 30 people and two Managers.

For a full description of these postings, please visit

<http://www.actcda.com/information/careers/>

Calendar Of Events

Biometrics UnPlugged

Sep 15, 2014

Tampa, FL

<http://www.regonline.com/builder/site/Default.aspx?EventID=1558281>

Mobile Payment Conference

Oct 6-8, 2014

Chicago, IL

<http://mobilepaymentconference.com>

Fraud Summit Toronto

Sep 17, 2014

Toronto, ON

<http://www.ismgcorp.com/fraud-summit/toronto>

Cardware Connections, ACT

Canada's AGM & 25th Anniversary

Awards Reception

Oct 16, 2014

Toronto, ON

<http://www.actcda.com>



Smart Card Alliance Government Conference

Oct 29-30, 2014
Washington, DC
<http://www.govsmartid.com/>

Money2020

Nov 2-6, 2014
Las Vegas, NV
<http://www.money2020.com/>
ACT members receive a 20% registration discount

Cartes Secure Connexions

Nov 4-6, 2014
Paris, France
<http://www.cartes.com/>
ACT members receive a 20% registration discount

Cartes America

Apr 28-30, 2015
Las Vegas, NV
<http://www.cartes-america.com/>

Cardware 2015

Jun 16-17, 2015
Niagara Falls, ON
<http://www.actcda.com>

In spite of my editorial, we are headed into our busiest Fall of 25 years.

August: Strategic leadership teams meet. Check actcda.com for meeting dates and agendas. We will publish our Secure ID paper to assist all levels of government that wish to raise the security bar for ID.

September: we will take the pulse of US retailers and EMV at the MAG meeting. At the ATM and Mobile Payment Summit in Washington, DC we'll be on the EMV panel. Strategic leadership teams meet as they advance their goals.

October: starts with the Mobile Payments Conference in Chicago where we will present a workshop on EMV and chair a panel.

But, our biggest event of the Fall will be October 16th. Join us for our exclusive, members only networking event, Cardware Connections, as well as our annual general meeting. Then we will open the doors for our annual awards, celebrating excellence and innovation. We will cap off the day with our 25th anniversary party. I hope to see you there!

Articles

1. EDITORIAL COMMENT - HOW ARE YOU SPENDING YOUR SUMMER?

Source: Catherine Johnston, President & CEO, ACT Canada (07/25)

If you're reading this, likely you're working. Remember when summer meant a lull in activities? It was a time when you could get caught up on those less urgent tasks, but those days are gone. Now we scramble to meet deadlines right up until the minute we walk out the door for vacation. Let me guess. Before



you leave for your vacation, you try to do all the work you would have done during the time you'll be away. Otherwise, you need to get it done when you return. Why do I raise this issue? I work with some of the brightest people around. Through their work they change lives. They are innovative and dedicated and we will all benefit from their continued efforts. That is, if they can find a way to balance thinking with doing. Recently I said to colleagues that I love driving because it gives me time for strategic thinking, something I can never find time to do when in the office. I'm so energized when I can think through a challenge and even more so when I can develop plans that might ward off problems. I was feeling sorry for myself, thinking that time stress was not commonplace. They set me straight. We are all too busy to be our best.

I have often said that managing the rapid evolution of technology is the biggest challenge for our industry, but it is really the 2nd greatest. Our most dangerous adversary is time and you need to fight for the time you need to recharge, so that you can be your best. Don't expect someone else to do that for you, because they likely have the same problem. Only you know how much time you really need to recharge and only you know what activities work the best. Find time!

2. TIM HORTONS AND CIBC LAUNCH DOUBLE DOUBLE VISA CARD

Source: Canada Newswire (07/02)

CIBC and Tim Hortons launched the innovative new CIBC Tim Hortons Double Double Visa Card, leveraging a first-of-its-kind two-button technology that combines a no annual fee CIBC Visa credit card with a classic Tim Card, all in one. Cardholders simply press the CIBC Visa button on the front of the Double Double card to pay for their everyday purchases anywhere Visa is accepted, and 1 per cent of each dollar spent is converted instantly into Tim Cashrewards. With a simple touch of the Tim Hortons Tim Card button, cardholders can then redeem their Tim Cash for their favourite coffee and menu items at Tim Hortons. Each button on the CIBC Tim Hortons Double Double Visa Card has its own coloured light that illuminates when the cardholder chooses either the Visa or Tim Card option. The new card also offers the convenience of Visa payWave and the security of chip-and-pin technology that consumers enjoy today.

"This new CIBC Tim Hortons Double Double Visa Card with its dual light technology is the first of its kind in Canada," says David Clanachan, Chief Operating Officer, Tim Hortons Inc. "At Tim Hortons we are focused on bringing forward innovations and technology with a purpose that will help make our guests lives easier - much the same as we do with food and coffee innovation. And this is technology that people are going to want to have in their wallets." "We're excited to bring another banking innovation to Canadians," says David Williamson, Senior Executive Vice-President and Group Head, Retail and Business Banking, CIBC. "Our new Double Double card gives clients more choice in the type of rewards they earn, and our partnership with Tim Hortons gives us an opportunity to attract new



clients to CIBC who already enjoy Canada's favourite coffee as part of their daily routine." Every year, Tim Hortons sells two billion cups of coffee in Canada. The new Double Double card gives Tim Hortons an innovative loyalty rewards program for their guests, and gives CIBC an opportunity to acquire new clients to a banking relationship with CIBC.

The technology underpinning the new card leverages patented technologies developed by Dynamics. CIBC and Tim Hortons are the first to offer this award-winning technology to the Canadian marketplace. CIBC is the exclusive Canadian provider, and Tim Hortons is an exclusive provider in the Quick Service Restaurant category in Canada.

CIBC is a member of ACT Canada; please visit www.cibc.com.

3. ICICI BANK CANADA LAUNCHES MOBILE BANKING

Source: ICICI Bank (07/07)

ICICI Bank Canada announced the launch of ICICI Bank Mobile Banking, offering customers a secure and convenient way to bank on the go. "We are extremely excited to launch ICICI Bank Mobile Banking as part of our ongoing commitment to provide our customers with convenient banking services," said Sriram H. Iyer, President & CEO, ICICI Bank Canada. "With more and more Canadians choosing to bank on their mobile devices, we are thrilled to offer our customers this safe and convenient way of banking from anywhere, any time." With ICICI Bank Mobile Banking, customers can:

- View their account summary
- Pay bills or transfer money between accounts
- Check current rates and charges
- Locate ICICI Bank Canada and THE EXCHANGE® Network ABMs
- Find ICICI Bank Canada branch locations and hours

As an additional layer of security, ICICI Bank Mobile Banking can only be accessed via mobile numbers that customers have registered with the Bank. The ICICI Bank Mobile Banking app is available as a free download on iPhone and Android devices. Once downloaded, customers can activate the app through a simple three-step verification process.

ICICI Bank is a member of ACT Canada; please visit www.icicibank.ca.

4. TOKENIZATION PLAYS THE CENTRAL ROLE IN VISA'S NEW CLOUD PAYMENT SUITE

Source: Digital Transactions (07/24)

Visa Inc. moved to commercialize mobile payments using cloud-based near-field communication technology with its release of Visa Cloud Payment Solutions. A related development, the announcement of the upcoming debut of a



tokenization service, is aimed at locking down cloud-based NFC and other digital payments. The new services include support for new payment methods, such as a software development kit to enable developers to embed Visa's contactless PayWave technology into their applications; Quick Response code payments; and Visa Checkout, its revamped online wallet service. The suite also includes Visa's new host card emulation technology for enabling NFC transactions without using a hardware-based secure element. And available in September will be a tokenization service that enables financial institutions to substitute a random digital token for the 16-digit card number. "It essentially allows financial Institutions to issue digital accounts that can be used to process online payments and transactions initiated with mobile devices," Jim McCarthy, Visa senior vice president of innovation and strategic partnerships, says in an email. "The service will be offered to issuing institutions as an 'on-behalf' service." Visa says the commercial framework for the service will not be released publicly.

Visa's token service can support token creation for all product types, not just Visa-branded cards, McCarthy says, which a consumer may have stored in his Visa Checkout account. The tokens can be stored on mobile devices, e-commerce applications, and in cloud-based mobile applications. Tokens can be limited to use with specific merchants, mobile devices, or types of purchases, Visa says. These services will aim to increase the security of payment across many types of devices that have Internet connectivity, such as smart phones, tablets, desktop computers and wearable products, like watches. Besides software developers, programmers also can use the new services in apps, McCarthy says. Visa Cloud Payment Solutions is necessary because of the shift from plastic to digital, McCarthy says. "New technologies, in particular mobile, have had a profound impact, shaping the way we shop, pay and get paid—not just here in the United States, but globally," he says. "As the payments industry shifts from plastic to digital, we are supporting our clients to offer consumers a safe, simple and consistent purchasing experience, regardless of where they are and what device they are using."

Visa says many of the services are available now with the full suite expected to be available in the United States by January. Industry observers expect other card brands to follow. "There is a significant addressable market in the space and the card brands are best suited to offer products and peace of mind regarding security," says Jason Peaslee, managing partner at Thrive Analytics LLC, a Kettering, Ohio-based consultancy. "In light of the ongoing data breaches happening at the store level, this is a natural step." In a recent Thrive Analytics study, consumers ranked security concerns as the top barrier to using a digital wallet. "Based on the findings of our digital wallet study it is quite evident that awareness is not the main issue impacting usage—it is security," Peaslee says. "Visa likely recognizes this as a main barrier to adoption so is capitalizing on the latest release of Visa Cloud payments to address the gap."



Making it easier for consumers to make, and merchants to securely accept, payments in the digital environment, is necessary, says Rick Oglesby, senior analyst at Double Diamond Group, a Centennial, Colo.-based consulting firm. That's especially important for Visa to maintain its market position, he suggests. "One of Visa's main strengths is its availability around the world," Oglesby says. "Historically, gaining merchant penetration has been very difficult, so it's been nearly impossible to launch a new payment network. However, as payment methods change and more infrastructure moves to the cloud, it will get much easier for competitors to gain a foothold. "If Visa and the other networks move now to keep their merchant-facing services competitive and to ensure that their services are extremely easy to use, then they can maintain their competitive position," Oglesby says. "However if they do nothing then a bunch of other companies will pop up to fill any open gaps, which could erode the position of the networks over the longer term."

Visa is smart to roll out a mobile-payments tokenization strategy now, says Nathalie Reinelt, an analyst at Boston-based Aite Group LLC. "Mobile payments is still in its infancy and Visa's Digital Solutions—alongside their support for a remote secure element in the cloud—will establish a secure standard early enough in the evolution of mobile payments to ensure a smooth integration," she says in an email. "Mobile payment security is top of mind right now for merchants when it comes to enabling mobile point-of-sale commerce, but running a close second is the migration to EMV chip cards, which will push counterfeit fraud away from brick and mortar merchants and directly to their online platforms," she says. "Fraudsters will be on the hunt for credit card data they can exploit online and tokenization will support the risk management community's efforts in mitigating their card-not-present fraud losses, which Aite Group is projecting to double by 2018 due to the EMV migration."

Both issuers and merchants face an October 2015 deadline from the major card networks to be prepared for EMV, a 20-year-old chip card standard already well established in the rest of the developed world. By that date, liability for counterfeit card fraud will shift to the party not equipped for EMV. Visa's McCarthy says the token service is based on existing standards and aligned with EMV technology. "Tokens issued through the Visa service are designed to be processed and routed by all participants in the payments ecosystem in the same way traditional card payments are processed today," he says. "But unlike traditional card payments, tokens can be restricted in how they are used with a specific merchant, device, transaction or category of transaction."

Visa is a member of ACT Canada; please visit www.visa.ca.

5. NEW DETAILS ON APPLE'S MWALLET LAUNCH

Source: PYMNTS.com (07/24)

The buzz is heating-up (again) about the possibility that Apple will soon be making its entry into the wonderful world of mobile wallets. According to a report released yesterday by The Information, Apple has recently stepped up its efforts at launching its own mobile payments product and is far into serious talks with various payment companies to make it seamless for users to upload their credit card information into an iTunes-based wallet. Visa is reportedly already onboard. A direct partnership between Visa (and like companies) and Apple would be a big step in bypassing a large part of the payments processing chain. The specific details about the potential launch are a bit hazy, according to the report. Some insiders say the new service is set to coincide with the launch of the iPhone 6, though others seem to be claiming a more general fall of 2014 release.

The new wallet will include “secured element in the phones—a piece of hardware where sensitive information such as a phone owner’s financial credentials can be stored.” The exact technological advancements behind the new phone, however remain unknown. The company was reportedly once interested in integrating NFC modules into the iPhone line, though it is possible that now the company is leaning more heavily toward a solution that uses Bluetooth and Wi-Fi. Apple has recently filed a patent that offers a very complete explanation for storing sensitive customer data using the cloud. The Cupertino-based company has also spent much of the last few months building what to all appearances is a crack mobile payments team: Tommy Elliot, a former senior director for Visa and Andrew McCarthy, a former top mobile payments executive for J.P. Morgan Chase Bank, both joined the company earlier this year.

Visa is a member of ACT Canada; please visit www.visa.ca.

6. CONSULT HYPERION DEMOS EMV MOBILE PAYMENTS OVER BLE ON AN IPHONE

Source: NFC World (07/22)

UK payments technology specialist Consult Hyperion has unveiled a proof-of-concept solution that uses Bluetooth Low Energy (BLE) and host card emulation (HCE) to enable both iPhone and Android NFC phone owners to make MasterCard, Visa and other open loop EMV payments at the point of sale. Consult Hyperion’s demo uses a laptop, a standard contactless POS terminal for processing NFC mobile payments, a BLE USB dongle for processing mobile payments via Bluetooth and a mobile wallet app. “With Bluetooth Low Energy, what we’re doing is instead of sending all the EMV data backwards and forwards over the contactless interface, we’re packaging it up and allowing the phone to access it over the Bluetooth Low Energy channels,” Stuart Fiske, CTO at Consult Hyperion, explained to NFC World+.

“Once the phone has got that information, it can do the same cryptography and it can send back, over Bluetooth Low Energy, a set of standard response data items which form the other half of the payment transaction. Then the laptop can process all of those EMV data items in exactly the same way as it processes the same EMV data items that it gets from the point-of-sale terminal. “So we can do a contactless transaction or we can do a Bluetooth Low Energy transaction, but the important thing is that underpinning both of those are the same EMV data items and the same cryptography. This means that when those transactions would then go online to an issuer to be authorised, the issuer wouldn’t see any difference so we can seamlessly shift between Bluetooth Low Energy and HCE over contactless.” “We’ve put the same software into an iPhone so we can now do the same thing with an iPhone as we can with an Android phone. That’s great because it means that, not only does it open up the whole iPhone market, but it also means that we can go back to earlier versions of Android than 4.4 and we can do this kind of stuff without needing the latest version of the Android operating system,” Fiske continued. A significant amount of work will be involved in turning the proof-of-concept into a commercially available solution, however, he added. “We’ve put together a proof-of-concept and a demonstration, which means we’ve made some decisions about how it would work. For it to become commercially viable those decisions would need to be ratified or made by standards bodies, so there would need to be an element of standardisation in the industry.

“The other thing to get this out into widespread use is that retailers are going to have to either do something to their existing hardware to support this or upgrade hardware as change cycles come through, and that can take seven, eight, 10 years. This isn’t a quick thing, it’s going to grow over time.” “Host card emulation, the ability to do EMV transactions in software, should make it much easier for issuers to roll out this kind of technology and it should jump start mobile payments using EMV,” Fiske added. “There are an awful lot of alternative solutions out there that don’t use EMV and they are going to run up against the issues of getting those solutions integrated into the backend banking systems. That’s something I think a lot of people underestimate when putting together these new payment possibilities. “At some point, the integration costs into the legacy backend banking systems will mean that some solutions will be easier to integrate than others and those will become dominant. I think there will be winners and losers, and I think anything built on EMV will be a winner because it has a huge head start because it already integrates into the legacy infrastructure.

“It may well be that we end up seeing a hybrid solution where host card emulation is used for the softer things but some issuers want to use their hardware secure element for the actual payment, and you may see Bluetooth Low Energy being used as part of that interaction and contactless being used for another part of it as well. But welding all of this together and pinning it with EMV is a way that makes it possible.”



7. NBS TECHNOLOGIES ADDS QUAD SIM MANUFACTURING CAPABILITIES TO THEIR POPULAR HPX

Source: ICMA Industry News (07/17)

NBS Technologies Inc. announced that it has customized its HPX machine to produce Quad SIM Cards. The HPX was specifically designed for the production of GSM, contactless and dual interface cards. This machine is also flexible to personalize Single, Dual or Quad SIM cards. "We have now expanded the HPX's capabilities to support Quad SIM cards which will increase the profitability for GSM producers by utilizing more of the card surface to produce SIMs," says Francois Maurel, vice president, NBS Technologies SAS. Looking ahead of the global market demand, NBS supplies a complete range of machines as a backward integration and provides Milling Embedding, SIM Punching, and SIM Pre-Cutting Machines. Customers have an advantage of having a package solution from one source and can achieve a throughput up to 12,000 UPH.

This solution has proven to be an ideal fit for the Asian market, especially for the Indian market where there is a huge demand for SIM cards. Krishna Prakash, NBS country head of sales for India said "There has been much interest generated by this enhancement to the HPX's capabilities and is sure to be a profitable solutions for our clientele."

NBS Technologies is a member of ACT Canada; please visit www.nbstech.com.

8. G&D GUARANTEES SECURE PAYMENT FUNCTION OF BASE DIGITAL WALLET

Source: Giesecke & Devrient (07/16)

BASE mobile subscribers can now make contactless payments using their smartphone at the supermarket, when filling up their car and in restaurants using the "BASE Wallet" digital wallet – and it is just as secure as using a traditional debit or credit card. This high level of security is made possible by Giesecke & Devrient (G&D). As a partner in security, G&D supplies special SIM cards with highly secure memory for storing the digital Maestro card. Giesecke & Devrient also operates a high-security data center for E-Plus, enabling them to install the payment application on the SIM card, personalize it and manage it over its life cycle. Owners of NFC-enabled smartphones can now make contactless payments at more than 35,000 locations in Germany provided they have a digital wallet equipped with a payment function, like the digital Maestro card. "We think that contactless card or smartphone payment will become the norm over the next few years. Of course, we first need to fulfill all requirements for wide public acceptance. Customers want flexible, easy payment, without compromising on security," says Carsten Ahrens, Group Senior Vice President and Head of the Telecommunication Industries division at G&D.



And that is exactly what the BASE wallet provides. The NFC-enabled SIM card SkySIM CX functions as a key safety element for saving sensitive information on smartphones. The Trusted Service Manager (TSM) in G&D's high-security data center both manages security on the SIM card while also installing and personalizing the payment application on the SIM card via the mobile phone network. If they lose their smartphone, customers can have the wallet blocked. The payment application is then immediately deleted by G&D as TSM over the mobile phone network. The card is simultaneously blocked in the bank's background system, as is usually the case with debit and credit cards. "Together with G&D, we are fulfilling customers' need for security. We are also setting high standards in terms of the variety of applications. Right from the start, our mobile telephony customers can both pay securely using the mobile wallet and redeem digital coupons. Customers can also save their membership cards, such as their ADAC (the German Automobile Club) card, onto their smartphone. There is now no need to always carry your wallet with you, as smartphones with built-in digital wallets are becoming increasingly important in customers' everyday lives," says Martin Deventer, Director of Core Network and Services at E-Plus.

Giesecke & Devrient is a member of ACT Canada; please visit www.gi-de.com.

9. INGENICO GROUP CONTINUES TO BE AT THE CUTTING EDGE OF SECURE PAYMENTS

Source: Ingenico (07/16)

Ingenico Group announced that its On-Guard application has been referenced as a validated Point-to-Point Encryption application by the Payment Card Industry Security Standard Council (PCI SSC), the major industry body which constantly strive to raise security requirements. Whereas cardholder data protection is currently increasingly challenged, the On-Guard P2PE solution enables merchants to reduce their exposure to data breaches. It also restricts the scope of merchants' PCI DSS certification to the payment terminal only, leading to drastic cost reductions in both security investment and certification expenses. The On-Guard P2PE solution is supported and certified across the complete range of Ingenico Smart Terminals, including mobile POS, and thus aligns with new security challenges and regulations for mobile devices.

Ingenico is a member of ACT Canada; please visit www.ingenico.com.

10. TWITTER ACQUIRES PAYMENTS COMPANY CARDSRING

Source: MobilePaymentsToday (07/18)

Twitter Thursday announced on its blog that it has acquired CardSpring, a payments infrastructure company that helps merchants work with leading publishers to create online-to-offline promotions. CardSpring also announced the acquisition on its blog. "We see the intersection of payments and digital media as an opportunity to revolutionize how consumers use credit and debit cards, while



helping retailers to connect and communicate with their offline shoppers - much in the same way the Internet has enabled online stores to create relationships with their online customers," CardSpring wrote.

11. MASTERCARD PARTNERS WITH SHAZAM TO INTRODUCE EMV DEBIT

Source: PYMNTS.com (07/23)

The SHAZAM Network announced that has teamed up with MasterCard to offer an EMV debit solution to its participants, according to a SHAZAM release. The Network expects the chip card adoption to decrease fraud and increase transaction security, and the agreement provides all Network participants with EMV licenses for MasterCard products. SHAZAM CIO Terry Dooley said that the team effort aims "to provide merchants and issuers routing choice for contact and contactless payments supporting PIN, signature or no cardholder authentication." MasterCard SVP of Product Delivery – EMV, Carolyn Balfany, said that the agreement is "another step to advance the U.S. migration to EMV."

MasterCard is a member of ACT Canada; please visit www.mastercard.ca.

12. WITH GEMALTO MOBILE SOLUTION, LCL CUSTOMERS GET THEIR PIN CODE VIA SMS

Source: Gemalto (07/09)

Gemalto has supplied a complete software, platform and service solution that securely issues PIN codes associated to LCL payment cards directly to customers via SMS. This new Allynis eService offer is part of Gemalto's broader range of digital services associated with payment card issuance and certified by international payment associations, including PIN delivery by app or over the Internet. PIN delivery by SMS significantly improves LCL's customer service. In particular, cardholders who forget their confidential code when out shopping or withdrawing cash will benefit greatly from the option of speedy reminders. In a second phase, when a newly created card is mailed to a home address, distribution by SMS rather than in a letter to the same destination will reduce the risk of fraud from stolen cards and PINs. For the bank, this eco-friendly security service translates into reduced mailing costs and stronger customer engagement. Gemalto's solution for LCL is built on Gemalto's field-proven Netsize platform, operating seamlessly with direct connections to more than 160 mobile operators globally to offer fast and reliable message delivery. Gemalto's services come with 24/7 support, online statistics, and a comprehensive Service Level Agreement ensuring reliability, availability and speed.

Gemalto is a member of ACT Canada; please visit www.gemalto.com.



13. RONA AND THE AIR MILES REWARD PROGRAM SIGN MULTI-YEAR RENEWAL AGREEMENT

Source: LoyaltyOne (07/07)

RONA Inc. and LoyaltyOne, Co., owner of the AIR MILES Reward Program, announce that they have entered into a multi-year renewal of their long-standing arrangements which allow RONA to issue AIR MILES reward miles and accept AIR MILES Cash redemptions at more than 500 stores across Canada that operate under RONA banners. AIR MILES Collectors earn reward miles on all purchases made at RONA retail banners at a rate of 1 reward mile for every \$20 spent, and can take advantage of bonus offers and promotional multipliers on products at more than 500 RONA retail stores. All holders of RONA commercial or consumer credit cards can double their AIR MILES reward miles every time they use their cards. AIR MILES Collectors who have opted-in to the AIR MILES Cash feature can also instantly redeem their reward miles at the cash register at a rate of 95 reward miles for \$10 off their purchases.

"As Canada's number one home improvement retailer, we are proud to be associated with AIR MILES, Canada's premier loyalty program. For more than 20 years, we have continuously offered the AIR MILES program to our customers," says Claire Bara, Marketing Vice President at RONA. "We know our customers are avid AIR MILES Collectors who recognize the value of the program. Our partnership allows us to offer our AIR MILES customers key incentives, unique promotions and add value to their shopping experience and allows us to better understand and anticipate their needs." "RONA was one of the original Sponsors that launched with the AIR MILES Reward Program more than two decades ago, and continues to be an important part of our continued success," says Andy Wright, President, AIR MILES Reward Program. "More than 20 years later, our two companies maintain a close partnership and work together to fulfill the same objective - to reward customers for their continued loyalty."

LoyaltyOne is a member of ACT Canada; please visit www.loyalty.com.

14. SECUREKEY AND OBERTHUR TECHNOLOGIES TO COLLABORATE ON GSMA MOBILE CONNECT-BASED SOLUTIONS

SecureKey and Oberthur Technologies announced their collaboration to bring to market a range of solutions compliant with the GSMA-led Mobile Connect initiative which provides secure access and authentication for online services. Based on SecureKey's bridge.net Connect cloud-based digital identity management platform and leveraging OT's long standing expertise in secure element-based security, these solutions allow mobile operators to provide consumers with secure smartphone-based authentication solutions across the broadest range of devices in the market, eliminating the need for usernames and passwords when accessing online services. The solution increases convenience, while reducing fraud and risk for online services for both service providers and



consumers. As online services proliferate, in industries such as financial services, government and healthcare, consumers are often forced to use multiple identities and passwords to access services. This accumulation of log-in credentials represents a burden to consumers and also opens them to critical security and privacy vulnerabilities.

“OT is a strong supporter of the GSMA Mobile Connect efforts to provide consumers with safe, secure and easy access to the online services they need. This is why we’re working with identity and authentication leaders like SecureKey to develop flexible solutions that empower consumers to take advantage of Mobile Connect on any device,” said Laurent Demey, Deputy Managing Director of the Solutions Business Unit at OT. “The SecureKey collaboration will enable us to take a comprehensive Mobile Connect-based solution to market for our mobile operator customers, providing a range of both hardware and software security options.” “Working jointly with our partner OT, we’re moving the identity industry away from a world where everyone issues IDs to one where everyone accepts secure IDs that users have chosen from trusted third parties,” said Robert Blumenthal, EVP Business Development, SecureKey. “Consumers will gain greater convenience through the elimination of passwords. Also, online service providers will have faster registrations and lower drop-outs in addition to better business confidence of user authenticity while telecom companies will increase consumer stickiness and drive new revenue streams through user authentication services.”

“Mobile Connect brings together an ecosystem of trusted mobile operators and service providers to provide consumers with the ability to use their mobile phone for managing their access to online services, giving them greater control and a means of access that is more secure and convenient,” said Marie Austenaa, Head of Personal Data, GSMA. SecureKey bridge.net Connect is a cloud-based digital identity and authentication service platform providing the strongest level of security available today, while delivering a compelling user experience. The platform is designed to support all in-market devices today, enabling strong security across all delivery channels.

Oberthur Technologies & SecureKey Technologies are members of ACT Canada; please visit www.oberthur.com and www.securekey.com.

15. GOVERNMENTS WORLDWIDE CONTINUE SCRUTINY OF VIRTUAL CURRENCIES

Source: MobilePaymentsToday (07/18)

Virtual currency enthusiasts face a dilemma. Last week, the New York State Department of Financial Services issued for public comment a proposed BitLicense regulatory framework for New York virtual currency businesses. The proposals were not met with much gusto from that industry's advocates. The community's overwhelming response to New York's attempt to regulate

businesses such as Bitcoin exchanges is that the proposals are costly for startups to comply with and do much to strip away the anonymity of virtual currency transactions. Many users believe New York's plans are downright nefarious. And therein lies what could be viewed as a problem for virtual currency enthusiasts as governments worldwide closely examine the technology. "It comes down to the fact that Bitcoin advocates can't have it all," Nathalie Reinelt, an Aite Group analyst who tracks virtual currencies, told Mobile Payments Today in an interview. "Either they want the cryptocurrency to go mainstream or they don't, and if they do, they should expect the government to wrap regulations around the protocol to prevent another Mt. Gox."

Mt. Gox was the Bitcoin exchange that ceased operations earlier this year and filed for bankruptcy when it lost 774,408 bitcoins in a hack that went undetected for years. The exchange later found some bitcoins in a digital wallet from 2011. But the damage was already done and consumers that had bitcoins in the exchange lost almost everything. Those consumers had no recourse against Mt. Gox outside of filing lawsuits against the company in an attempt to recover losses. New York regulators want to prevent a similar situation, but many virtual currency advocates believe new laws will cripple innovation because compliance costs will burden startups and force them out of business. New York's proposals are the latest example of a local, state, national and regional authority determined not to let virtual currencies run wild.

Oh, Canada.

Virtual currencies are under scrutiny in multiple regions worldwide as Canada recently took the early lead to establish significant regulation around units such as Bitcoin. Last month, the Canadian government passed a law that relates to how virtual currencies are taxed and regulated. Virtual currencies will be viewed as what is defined as a money service business. That designation means such businesses will "subject to the record keeping, verification procedures, suspicious transaction reporting and registration requirements," noted Bank Innovation in an article about the new law. Virtual currency sellers also must register with the regulatory body FINTRAC and "implement a complete anti-money laundering compliance regime."

Europe

In comparison, Europe is nowhere close to what the Canadian government has implemented. Earlier this month, the European Banking Authority recommended that financial institutions across the continent avoid dealing with virtual currencies such as Bitcoin until proper regulations are in place. The authority's warning was not an outright ban, but the message was clear. The EBA did admit in a document it released to the public that virtual currencies have their benefits, but said that the risks far outweigh them. The document outlined some 70 potential risks, from money laundering to fraudsters that attack exchanges. The



EBA told Mobile Payments Today in an email it would be up to the European Union Commission to determine a timeline for if and when regulation is developed. Tristan Hugo-Webb, associate director of the Mercator Advisory Group international payments practice, said not to expect a decision anytime soon.

"You have to get 26 countries to agree on similar standards and that's why you are seeing individual countries taking a stronger stance than others," Hugo-Webb told Mobile Payments Today in an interview. European financial institutions might have an interest in dealing with virtual currencies due to EU's continuing struggle to recover from the financial crisis that rocked the region in the last few years, Hugo-Webb said. "They're looking at additional ways of making some revenue with what they view as innovative customer retention strategies," he added. The EBA did confirm to Mobile Payments today that some financial institutions are interested in virtual currencies. "They probably do so for different reasons, depending on their business model, approach to financial innovation and other such factors," a spokesperson wrote in an email. "We are also aware that some credit institutions have considered offering accounts that are denominated in virtual currencies, which in effect is a form of holding virtual currencies that we do not want to see." Meantime, Hugo-Webb believes that should Bitcoin and similar virtual currencies truly carve a niche in low-cost remittances, regulators might treat them as such until specific laws are passed.

US movement

Federal agencies in the U.S. mostly are keeping tabs on the money laundering aspect of virtual currencies, but the Government Accountability Office recently proposed that the Consumer Financial Protection Bureau examine them in the name of consumer protection. The GAO is most concerned about the risks involved with virtual currencies, mainly the near anonymity that such transactions involve, especially for illicit goods and services. The agency asked the CFPB to "take steps to identify and participate in pertinent interagency working groups addressing virtual currencies in coordination with other participating agencies," according to a press release. The GAO did not respond to a request for comment from Mobile Payments Today.

How the CFPB addresses virtual currencies is anyone's guess, especially since Bitcoin copycats and services built around those technologies seem to sprout almost every day. The real question then becomes how the agency can future-proof regulations. "I think that's the challenge," Michelle Jun, an attorney who has dealt with the CFPB in the past, told Mobile Payments Today. "It's not just the CFPB. It's various state regulators that have to deal with various financial services entities. I don't think it's something that should be so tailored to a specific technology, but taking a step back and examining what method people may pay with in the future." The CFPB could eventually use states such as California, New York and Texas and as the basis for future recommendations or regulations around virtual currencies. But even that will present its challenges.

"I can imagine they can work in conjunction with each other and I think that's part of the challenge is trying to piece together everything," Jun said. "I don't know if this is something that will be seamless, but I'm sure the CFPB will consult with state regulators who may be closer to what's going on." Virtual currency advocates, to their credit, are proactive in their attempt to help regulators and politicians understand this technology. The Chamber of Digital Commerce announced its creation and mission statement last weekend at the North American Bitcoin Conference in Chicago. Perianne Boring, a former congressional staff member, heads the group. She told attendees the group will seek to promote Bitcoin's underlying values to those in Washington while saying that this type of lobbying effort is necessary to protect the industry's best interests. Jumio, a credentials specialist, recently formed a network of Bitcoin startups called BISON that seeks to proactively self-regulate its products and adopt best practices in an effort to stymie interference from government regulators. But self-regulation has already proven not to be enough, at least based on New York's proposals.

16. MERCURY ASSISTS SMALL MERCHANTS WITH MOBILE LOYALTY PROGRAM

Source: MobilePaymentsToday (07/17)

Mercury Payments Systems, which Vantiv recently acquired, launched a product called StoreCard that enables merchants to offer their customers a gift, reward, mobile payments and promotions card all in one product, according to a press release. Mercury said in the announcement that StoreCard is meant to help small businesses compete with larger retailers by providing a stored-value card utilizing affordable technology. The Mercury StoreCard lets merchants brand their own reloadable card for accepting customer payments. The cardholder can use a quick-response barcode on the back of the card to access their prepaid card account on their smartphone. Customers can also convert their physical StoreCard into digital cards so they can pay for purchases using their smartphones. Merchants also have the option to offer cash-back rewards or other features to drive repeat customers, according to the press release. Since the card is reloadable, it is intended to be a gift card as well as a payment product for the local merchant, according to the press release.

"Our hope is the cards will be given out as gifts and recipients will start using them as their primary payment card at merchants' stores," Travis Priest, vice president of value-added services for Mercury, said in a statement. "Users can track both current balances and rewards totals on their phone and don't have to worry about keeping track of loyalty and gift cards for their favorite local stores."

Mercury Payments Systems is a member of ACT Canada; please visit www.mercurypay.com.

17. PAYMETRIC COLLABORATES WITH INGENICO TO BOOST ITS MULTICURRENCY FUNCTIONALITY

Source: Let's Talk Payments (07/25)

Paymetric announced a partnership with Ingenico Payment Services to enhance the multicurrency functionality of its catalog of payment solutions. Paymetric's innovative payment-acceptance solutions improve e-payment acceptance rates and reduce the scope and financial burden of PCI compliance. Several leading global brands rely on Paymetric for the only fully integrated, processor-agnostic tokenization solution, supported by dedicated customer service.

- Paymetric says this strategic partnership further solidifies its position in the global market through an aggressive strategy to increase its international customer base.
- The partnership builds on an already extensive payment-processor network.
- It ensures that Paymetric users can work with the processor of their choice, the company's press release states.
- The collaboration also enables merchants to offer payment solutions to their consumers for every channel, including e-commerce and mobile apps.

"Partnering with Ingenico Payment Services enables us to provide our customers with extended international support," states Asif Ramji, president and CEO of Paymetric, in a press release. "Many of our customers are leading global brands that leverage our best-in-class payment acceptance and data security solutions in multi-currency formats. As we continue to build out our solutions for international business, we can offer our clients the most robust offering in the industry."

Ingenico is a member of ACT Canada; please visit www.ingenico.com.

18. SAP, TOYOTA INFOTECHNOLOGY CENTER AND VERIFONE CONNECT CARS AND PROVIDE DRIVERS WITH SIMPLIFIED FUELING

Source: VeriFone (07/01)

Currently, drivers need to deal with multiple systems to find "the right" gas stations. When they arrive, drivers must authorize payment by swiping a card and punching in various identification codes, or paying the gas station attendant with cash. With the prototype, consumers can use a one-touch, one-screen solution to navigate to the closest gas station, authorize automatic payment electronically and receive personalized coupons. The announcement was made at the 14th SAP Automotive Forum 2014, being held July 1-2 in Leipzig, Germany. Built on SAP HANA Cloud Platform, the solution aggregates information on a vehicle's location, route and fuel level as well as points of interest. VeriFone provides point-of-sale (POS) solutions and Toyota ITC provides telematics data. These processes and information are integrated via the SAP Cloud portfolio and presented in a screen on the Toyota ITC dashboard, allowing drivers to manage the entire transaction in one click.



The use case works as follows: The driver is notified when the vehicle is low in fuel. Then, leveraging the Toyota ITC telematics system, the vehicle recommends a gas station location based on real-time context such as location and the vehicle's fuel level. It also takes into account a driver's pre-entered personal preferences such as preferred gas stations and which stations have opted in to the program. When the car arrives at the gas station and stops at the pump, the driver can authorize the transaction with a single click from their car or app on a mobile device. Gas stations may also provide discounts, loyalty points and other coupons based on the driver's profile. Once fueling is completed, the driver receives an electronic receipt. Drivers can view all previous fueling transactions and easily export them to other systems, such as an expense report.

The system uses Bluetooth Low Energy (BLE), an emerging wireless standard that enables micro-location services. By combining BLE, SAP HANA Cloud Platform, Toyota ITC telematics system and VeriFone POS systems, the three companies have developed a consumer-centered connected car service. "Toyota ITC has been an innovative driver for Toyota Motor Corporation here in the Silicon Valley," said Hironori Miyakoshi, executive vice president and COO, Toyota ITC. "In light of the paradigm shift in the automotive space toward a connected vehicle, we have been focused on enabling solutions and developing a better user experience by looking at a wide variety of emerging technologies and services. The collaboration with SAP and VeriFone was another major milestone in our efforts to create a better driving experience."

"Our collaboration with SAP and Toyota creates an exciting commerce experience that transcends payment by delivering convenience, value and unique interactions between merchants and their customers," said Vin D'Agostino, senior vice president of Commerce Enablement, VeriFone. "VeriFone has long history of delivering secure payment technology, targeted content and more to many of the world's leading petroleum brands, helping them leverage the latest available technologies to unlock new revenue opportunities." "SAP innovation continues to make connected cars closer to becoming a reality for consumers," said Gil Perez, senior vice president, Connected Vehicles, SAP. "Our collaboration with Toyota ITC and VeriFone is transforming business models and offering people a simple and intuitive user experience. Our cloud and SAP HANA technology can help industries — like the automotive or oil and gas businesses — do things simply that weren't previously possible or even imaginable."

VeriFone is a member of ACT Canada; please visit www.verifone.com.

19. AMAZON LAUNCHES NEW DIGITAL WALLET, SORT OF

Source: *PYMNTS.com (07/22)*

Amazon is nowhere near finished in terms of offering customers the latest and greatest digital payment options. According to Payments Source, Amazon released a beta version of a digital wallet for Android and Fire phone users. It's



reported that while the wallet is available on Google Play and Amazon App Store for Android devices – and can store loyalty and gift cards – the new option does not have a mobile payments function or an ability to enroll credit and debit cards from a mobile device. Similar to Apple Passbook, Amazon Wallet stores loyalty cards but does not have a built-in payments function. Users can type in the card number or scan its bar code to load it into the wallet. Additionally, the wallet feature will come installed on the new Amazon Fire phone. Not only has Amazon been making waves in the payments industry, but MPD’s Karen Webster recently discussed how Yelp and Amazon together could become quite the commerce force. Yelp is one of the partners selected by Amazon to develop a custom app for the Fire phone and Webster speculated that Yelp could become Amazon’s marketplace of local businesses, enabled by Amazon’s payment method.

20. G&D’S SUBSCRIPTION MANAGEMENT PLATFORM POWERS DOCOMO ESIM SOLUTION FOR M2M DEVICES

Source: Giesecke & Devrient (07/23)

NTT DOCOMO, INC., the largest mobile network operator in Japan, has selected Giesecke & Devrient’s (G&D) subscription management solution for Japan’s first commercial eSIM (embedded SIM) service. G&D supplies world leading M2M SIMs and managed services to both download and switch between subscriptions on the SIM cards. With this global M2M solution, the DOCOMO eSIM service simplifies the deployment of machine-to-machine (M2M) devices, such as used in connected automobiles, industrial equipment and many more applications. A wirelessly connected M2M product that can be shipped anywhere in the world, or can be switched from one subscription to another without shipping and physically replacing a SIM card is no longer a dream. Building on its leading smartcard technology and its software and services for managing SIM cards over the air, G&D offers a secure and flexible solution for remote, over-the-air, download and management of subscriptions on SIM cards in the field. This flexibility is provided without compromising the security necessary when managing the confidential subscription data of MNO partners.

“G&D is proud to be DOCOMO’s technology partner to bring this eSIM solution to market and enable more M2M devices and applications,” said Carsten Ahrens, Group Senior Vice President, Head of Telecommunication Industries division at Giesecke & Devrient. “We have leveraged our pioneering research and proven experience in secure remote management of subscription data on eSIMs to provide this cutting-edge solution, enabling MNOs to meet the demands of their M2M customers.” G&D has been at the forefront of subscription management in the development of standards and specifications by the mobile industry. G&D is the market and opinion leader with proven products and services, and offers a solution designed to minimize the impact on existing SIM logistics and ordering processes already established by MNOs.

Giesecke & Devrient is a member of ACT Canada; please visit www.gi-de.com.



21. COMMUNITEQ SYSTEMS JOINS ACT CANADA

Communitiq Systems Inc. of Kitchener, Ontario is pleased to announce it has become a member of ACT Canada as of August 1, 2014. President John Chambers said "Our 15 years of custom kiosk hardware and software development and production have brought us to a new marketplace where card requests, card creation, card activation and card tracking are required. ACT provides us with timely resources, industry trends and news in this fast paced market." Communitiq was formed in 1999 as an ATM deployer and quickly developed into a custom solutions provider developing both hardware and software for their varied customers. Being a full service provider Communitiq provides one stop shopping for kiosk solutions. No need to have multiple vendors involved in the creation, deployment and management of your card program.

Communitiq develops all software in house as we also do with CAD work to create your hardware configuration if necessary. Our current Interac certified applications include debit and credit processing. Our card experiences range from simple self serve "J" hook activation to sophisticated card printing, dispensing and instant activation. We work with credit adjudicators and integrators to provide certified solutions. Data security is of paramount concern in all aspects of our card programs. Communitiq is looking forward to our relationship with ACT Canada, its staff and other ACT Canada members. This fast moving market technology requires a central body such as ACT to assist in timely information dissemination and assisting in coordination among members.

Communitiq is a member of ACT Canada; please visit www.communitiq.ca.

22. MOBILE PAYMENTS FUEL STARBUCKS GROWTH

Source: PYMNTS.com (07/25)

Starbucks reported a strong Q2 performance, with revenue up 11 percent, a 23 percent increase in quarterly profit. Mobile payments were a particularly strong performer for the company, contributing 15 percent of total quarterly revenue. In a call with investors, CEO Howard Shultz said Starbucks processed 6 million mobile transactions per week in the U.S. during the quarter that ended June 29. Shultz further noted the extremely popular Starbucks mobile app has 12 million users in the United States and Canada. The company also tipped its hand slightly about forthcoming technological advances coming to consumers via the mobile app. The Seattle-based coffee retailer will be pushing its mobile order and pay initiative in a major U.S. market this year, which will allow users to make and pay for coffee and food orders via smart phone in advance of arriving at a physical Starbucks location to pick-up their order.

Shultz also credited the mobile application for the strength of the Starbucks loyalty program, which claims nearly 8 million active users in the United States. "By integrating mobile loyalty, payment, and in-store digital experiences, we are



creating game-changing technologies and experiences for our customers, and the opportunity to introduce new lines of business for our company,” Shultz told investors. “A prime example of this is our forthcoming mobile order and pay initiative that will allow customers to use their phones and MSR accounts to order ahead of arriving at a store where we plan to pilot in a major U.S. market later this year.”

Now in our 25th year, ACT Canada has been the internationally recognized authority in the market. As the eyes, ears and voice for stakeholders focused on secure payment, mobile, NFC, loyalty, secure identity, and leveraging EMV, we promote knowledge transfer, thought leadership and networking. We help members protect their interests, advance their causes, build their business and grow the market. We take a neutral and non-partisan approach to all issues, facilitating collaboration among issuers, brands, acquirers, merchants, regulators, solution providers, governments and other stakeholders. Over 50% of our members have been with us for more than 5 years, enjoying ongoing value from their affiliation with ACT Canada. Please visit www.actcda.com or contact our office at 1 (905) 426-6360.

Please forward any comments, suggestions, questions or articles to andrea.mcmullen@actcda.com. Please note that articles contained in this newsletter have been edited for length, and are for information purposes only. If you would like to be removed from our newsletter distribution list please follow the unsubscribe instructions at the bottom of the email.

Andrea McMullen
Vice President
ACT Canada
tel: 905 426-6360 ext. 124
fax: 905 619-3275
email: andrea.mcmullen@actcda.com
web: www.actcda.com
mail: 85 Mullen Drive, Ajax, ON, L1T 2B3
<http://ca.linkedin.com/in/andreamcmullen>

Insights • Networking • Visibility

ACT Canada is the place to be to:

Filter the truth from market noise

Understand complex issues

Facilitate problem resolution

Because stakeholder dialogue helps you make profitable decisions.