



Borderless Commerce

The SEPA Solution in Place Today

The SEPA vision of the future is a reality today. Borderless card acceptance. An efficient, streamlined, reliable system. Global reach that connects business and consumers to markets and products worldwide.

Consider the case of Maestro,[®] built and implemented for the past 12 years. Consider the MasterCard International European network—in place, tested, proven. Not an “evolving” solution looking for a home.

MasterCard offers a complete SEPA-ready platform. With roots deep in the financial life of Europeans, MasterCard has a long history of delivering technological solutions to improve payments options for Europe.

Questions the Industry is Asking

- Why should European issuers pay for two payments schemes, when in other markets a single framework manages both domestic and international processing?
- Why have multiple terminals at the POS when one should suffice?
- Why should Europe try to merge noninteroperable systems?
- Why should Europe spend €50 billion more than other markets on its payments network?
- Why should Europe pay billions for a new pan-European brand, when one already exists?
- Why should Europe wait for a SEPA-compliant card service?

The Answer for SEPA is MasterCard

MasterCard was instrumental in the growth of the payments infrastructure of Europe. Our processing platform is fast and reliable, with scalable hardware and a suite of applications that deliver new levels of performance and business intelligence.

Our investment in technology results in unparalleled speed, reliability, and security. Our processing platform delivers a high degree of customization. MasterCard offers a streamlined and proven means to process payment transactions.





A long history in Europe

MasterCard Europe was the pioneer and architect of Europe-wide payment instruments long before the single currency was implemented. As eurocheque International, it made cashless pan-European payments possible back in the 1960s. In 1993, in response to banks' desire to decrease both cash and cheques and drive greater value into the system, MasterCard and the European banking community developed Maestro, which is globally and regionally interoperable. No other debit brand in Europe has the acceptance and consumer awareness of Maestro. A single-market solution developed in Europe, by European banks, for European needs—delivered 12 years ago.

Getting to the future—faster with a true partner

Partnership gives participants a more powerful voice. A true partner shares in benefits. MasterCard partners with banks on strategy and investments that benefit Europe. Multiple advisory boards ensure broad input into direction. While global payments organizations are subject to identical U.S.-based laws, MasterCard gives European banks a direct link to results.

In addition, MasterCard is organized to work cross-regionally with global banks. We have a structure that enables us to partner effectively and deliver solutions that are tailored to local needs, while offering access to the world via global scale. With MasterCard, it is easy to access our expertise. You have one team to assist with all of your needs, backed by a Technology Account Manager and operational support staff who are dedicated to Europe.

Experience in SEPA-style migration

For many banks, the migration from a domestic debit scheme to a regional or global one is daunting. MasterCard has unparalleled experience in systems migration. With over 30 domestic processing arrangements predefined in the Global Clearing Management System, MasterCard can move quickly to determine the appropriate path forward that minimizes impact on your customers. We have direct large-scale migration experience. Consider, for example, our recent successful experience in enhancing domestic processing capabilities with Switch in the UK. We can help you navigate your way through the challenges of migration.

Swedish banks chose to partner with MasterCard to gain flexibility and reliability by migrating all domestic processing on MasterCard and Maestro-branded cards to the MasterCard Europe international platform.

We know one size doesn't fit all, especially in Europe. With the MasterCard European platform, you can tailor processing to your needs, and exploit our powerful platform to deliver the payments experience SEPA is demanding.

The MasterCard processing platform—authorization, clearing, and settlement—is a pan-SEPA platform. It links competing pan-European issuing and acquiring service providers. In this way, MasterCard is truly an enabler for European banks. Our platform was the first to be updated with fast, reliable, scalable hardware and a suite of applications that deliver new levels of performance and business intelligence—the fruits of an investment of over €75 million.



Stronger business expertise

MasterCard has centered global expertise in Europe, with the Chip Center of Excellence and the Debit Center of Excellence both based in Waterloo, Belgium.

Introducing glocalization: Local processing/global scale

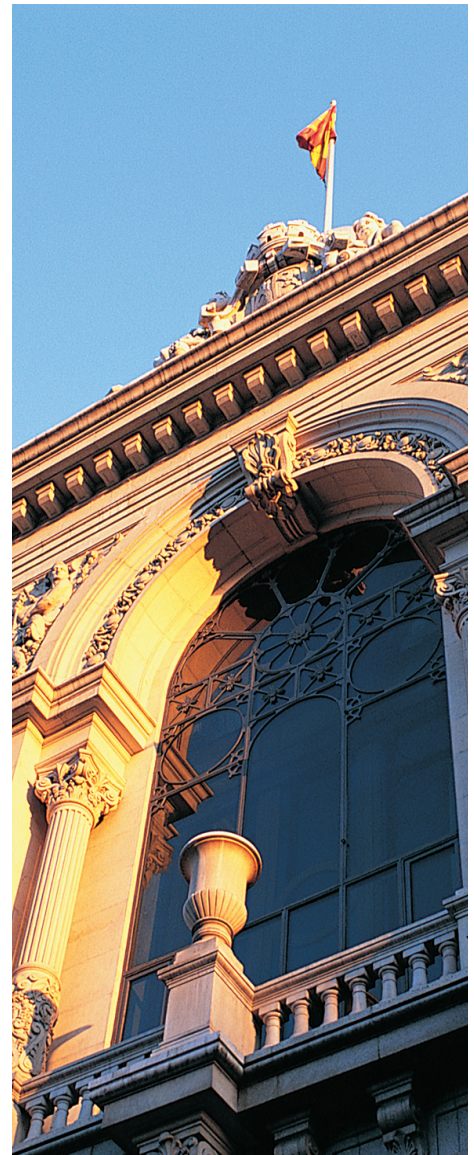
The MasterCard Global Clearing Management System (implemented in Europe in June 2005) was built from the ground up to manage the complexities of business relationships with a strong set of standards, as well as flexibility for local customization. The system is configurable, so issuers can develop promotions for segments of the card base without expensive systems development. It also allows customized business rules, enabling issuers to establish relationships with merchants or manufacturers, to help increase the number or size of transactions, and to activate cards.

The MasterCard processing platform also delivers improved time to market for new projects. For example, we were able to roll out a new tiered interchange program in months rather than years due to our flexible design.

MasterCard processes all domestic authorization activity right in Europe. Our design is “peer-to-peer,” which means we route transactions between institutions for decision-making. We help issuers make authorization decisions by routing their transactions directly to them for approval, thus protecting their relationships with their own cardholders. We streamline access to our network to deliver rapid response to acquirers. When they are not available, we stand in to ensure cardholders can use their cards anywhere, anytime, and every time.

We offer a truly globally integrated platform that is highly customizable for Europe, allowing it to be regionally sensitive yet locally efficient. It is continuously evolving to offer new products and enhancements while development costs are shared by banks worldwide—perfect economies of scale.

All European Maestro authorization and settlement is performed across the MasterCard distributed European processing network. In the SEPA environment, this will give European customers continuing confidence in the MasterCard European processing reliability.



MasterCard is completing the migration programmes in the UK and Sweden, with two billion previously domestic-only, debit-branded transactions migrated to Maestro. The UK banks migrated their highly successful Switch brand and their processing infrastructure to MasterCard. The result: a 40% increase in pan-European debit card usage by UK cardholders during 2004.

The platform offers a single interface to the power and efficiencies offered only by a globally integrated model. At the same time, and most recently seen in the UK, we can support the migration from national-only formats to international ones. A bank can tap into a truly global system through a single relationship, a single format, a single point of delivery, and a single contact. MasterCard takes the concept of efficiency and delivers it several ways: through a favourable operating model, a single interface, and by using the same procedures for all MasterCard brands and domestic (including On-U.s) and international transactions, as well as for issuer and acquirer traffic.



Reliable. Secure. Flexible. Always.

You can trust MasterCard. We're always on in Europe. Banks trust our processing, because of our investment in technology and our track record. We have invested more than €75 million in updating our systems in Europe, and no platform has more uptime. With over 200 distributed endpoints in Europe, over 950 worldwide, and multiple levels of redundancy, we ensure transactions are processed anytime, anywhere, and every time. MasterCard can quickly scale up to handle large volume increases because our virtual private network offers "bandwidth on demand." Our peer-to-peer network is 40% faster than a central site architecture, providing significant help to merchants in high-volume operations.

Our technology can handle any type of transaction in Europe, in any volume, from any source, any day of the year, and any time of the day. We've had a European message format (V5) and a European network in place for years.

We can support any payment format. From micropayments to RFID, our network is ready today to handle any form of payment you want to move. We help you enter new markets by providing a processing platform that anticipates your needs across borders. Our systems enhancement program is complete, tested, and in operation today. Few organizations can claim that level of preparedness for SEPA.

Our expertise in rewards and security protection helps our customers increase their customer loyalty, a primary reason why card use is growing in Europe.

Maestro is accepted at 4.7 million outlets in Europe.

Delivering business value through technology

We're SEPA-compliant, and we deliver new business value for European institutions at the same time. We can help optimize your portfolios, become more efficient, improve payment economics, and support strategic growth.

For more information, please call your Technology Account Manager, or visit www.mastercardonline.com/SEPA. For a copy of the MasterCard implementation guide, please contact SEPA_plan@mastercard.com.

*MasterCard
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