

News Release

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Segmented Loyalty Programs Offer Issuers Highly Targeted Promotions To Drive Cardholder Usage

Program Provides Unparalleled Advantage Through MasterCard Advisors Ability To Identify Cardholder Spend at Specific Merchants

PURCHASE, NY April 23, 2007 — MasterCard Advisors, LLC, the professional services arm of MasterCard Worldwide, today introduced several powerful enhancements to its Segmented Loyalty Programs, which enable issuers to design customized promotions to reach highly targeted groups of cardholders and thereby encourage card usage.

Most significantly, the initiative provides card portfolio managers with the unique ability to identify and categorize groups of cardholders based on their past spending behavior, and then tailor offers designed to drive them to new categories of spend, as well as to new merchants. The program's goal is to boost profitable behaviors incrementally. Thanks to the Segmented Loyalty Programs' automatic tracking mechanism, targeted cardholders do not need to show coupons or keep receipts, and issuers can select how to deliver rewards to their customer.

“Our Segmented Loyalty Programs prove our ability to encourage cardholders with the potential to be more profitable, to influence behavior and extend the use of their cards.” says Mark Shipley, Global Practice Leader, Loyalty Solutions Worldwide for MasterCard Advisors. “By scoring cardholder activity against specific parameters using a rules-based engine, we have been able to move cardholders to new and more profitable spending patterns.”

Developed by MasterCard Advisors' Loyalty Solutions Worldwide team, the program is off to a rewarding start. It has already demonstrated that it can appreciably increase card usage. In several deployments with one large North American co-brand issuer, MasterCard Advisors worked with the issuer to increase spend inside and outside the co-brand partner's stores. Cardholders were rewarded for buying items in particular store departments and for spending above specified thresholds.

“Loyalty programs are a key deciding factor for determining a consumer's reliance upon a card,” notes Shipley. “Loyal customers spend more than two-and-a-half times that of non-reward cardholders over time, and are less price sensitive.”

The Loyalty Solutions Worldwide data and analytics team played a lead role in developing the latest improvements to the Segmented Loyalty Programs. The enhanced program can apply multiple parameters to a single promotion, rewarding behavior and activity based on time, frequency, and level of spend. Additionally, Loyalty Solutions Worldwide leverages aggregated and audited MasterCard data to identify cardholder spend by merchant category code, merchant name, location, and other relevant data in the transaction record.

Based on a secure and flexible platform, the MasterCard Loyalty Solutions Worldwide engine permits cardholders to be enrolled easily and then automatically tracks their spend over the length of the program. Once the cardholder performs the required behavior, MasterCard can automatically generate a rebate to the cardholder's statement along with appropriate reporting to the issuer.

“Loyalty Solutions Worldwide can manage all aspects of the program, from defining the customer segmentation and designing the program, to enrolling cardholders, tracking their spend and fulfilling the award,” adds Shipley. “Finally, MasterCard Advisors applies back-end analysis to assess the success of the program, to allow continuous fine-tuning.”

Loyalty Solutions Worldwide designs and manages innovative, customized solutions that enable financial institutions and merchants to acquire, retain, and strengthen their customer relationships. It offers comprehensive loyalty solutions globally including data analytics, customer service, rewards fulfillment, and segmented loyalty programs, all powered by the MasterCard loyalty processing engine. To learn more about loyalty solutions at MasterCard, go to www.loyaltysolutionsworldwide.com.

About MasterCard Advisors

MasterCard Advisors, LLC, the professional services arm of MasterCard Worldwide, provides payments-focused consulting, information, and outsourcing services to financial institutions and merchants worldwide. With its unparalleled category expertise, deep understanding of customer needs, and successful track-record in addressing complex challenges throughout the payments lifecycle, MasterCard Advisors delivers customized end-to-end solutions that maximize the value of clients' cards and payments businesses. MasterCard Advisors provides actionable insights that drive tangible impact and financial gain for its clients. For more information, go to www.mastercardadvisors.com.

About MasterCard Worldwide

MasterCard Worldwide advances global commerce by providing a critical economic link among financial institutions, businesses, cardholders and merchants worldwide. As a franchisor, processor and advisor, MasterCard develops and markets payment solutions, processes over 16 billion transactions each year, and provides industry-leading analysis and consulting services to financial institution customers and merchants. Through its family of brands, including MasterCard®, Maestro® and Cirrus®, MasterCard serves consumers and businesses in more than 210 countries and territories. For more information go to www.mastercard.com.