

Rob Keenan, MasterCard  
December 9, 2013



# Card Payments

Opportunity in Malaysia



©2013 MasterCard.  
Proprietary and Confidential

# Disclaimer



- This presentation contains the proprietary and confidential information of MasterCard International Incorporated and its affiliates d/b/a MasterCard Worldwide ("MasterCard"). By accepting and reading this document presentation you agree and acknowledge that the contents of this document and the fact and substance related to the existence of this document are confidential and proprietary information of MasterCard. You shall not disclose the contents of this document or discuss its existence with any third party or use this document in any manner other than in connection with the evaluation of the opportunity described herein with MasterCard. You shall limit dissemination of this document within your company only to those employees or officers who have a need to know for the purposes of evaluating such opportunity.
- This document is intended solely to facilitate discussion between the parties, and does not create a legally binding or enforceable offer or agreement (except for the confidentiality obligations set forth above). This document only sets forth certain information regarding the financial and other terms that are anticipated to be included in a proposed agreement between the parties, and not a complete description of such terms. The parties acknowledge that other standard terms and conditions are also anticipated to be included in a proposed agreement between MasterCard and your company. Except for the confidentiality obligations set forth above, neither party shall be liable to the other party as a result of the failure to fulfill any obligation described in this document or the failure to enter into any agreement contemplated by the original request for proposal or MasterCard's response thereto.
- All brands, logos, trade names and marks referred to herein ("Trademarks") are the property of their respective trademark holders. MasterCard does not make any claims in relation to any third party Trademarks. Any references to such Trademarks in this document are for informational purposes only, and do not constitute any affiliation, endorsement and/or sponsorship of the Trademarks, the underlying products, and/or the Trademark holders. You are solely responsible for seeking the prior consent of the Trademark holder for any use of a Trademark.
- In addition, information in this document or in any report or deliverable provided by MasterCard in connection herewith relating to the projected impact on your financial performance, as well as the results that you may expect generally are estimates only. No assurances are given that any of these projections, estimates or expectations will be achieved, or that the analysis provided is error-free. You acknowledge and agree that inaccuracies and inconsistencies may be inherent in both MasterCard's and your data and systems, and that consequently, the analysis may itself be somewhat inaccurate or inconsistent. The information, including all forecasts, projections, or indications of financial opportunities is provided to you on an "AS IS" basis for use at your own risk. MasterCard is under no obligation to update this information and you are solely responsible for your use of the information as well as any decision or action you take as a result of this document, or any inaccuracies, inconsistencies, formatting errors, or omissions.

# Cash is the primary payment option in Malaysia although the trend is changing



**95%**

More than 95% of Consumer transactions are completed with cash

**10x**

Debit cards are used to withdraw cash 10x more than for purchases

**15%**

Debit card use for purchases will grow at over 15% a year (5x faster than use at ATMs)

# Card usage is growing because key stakeholders recognise the value

---



Page 4

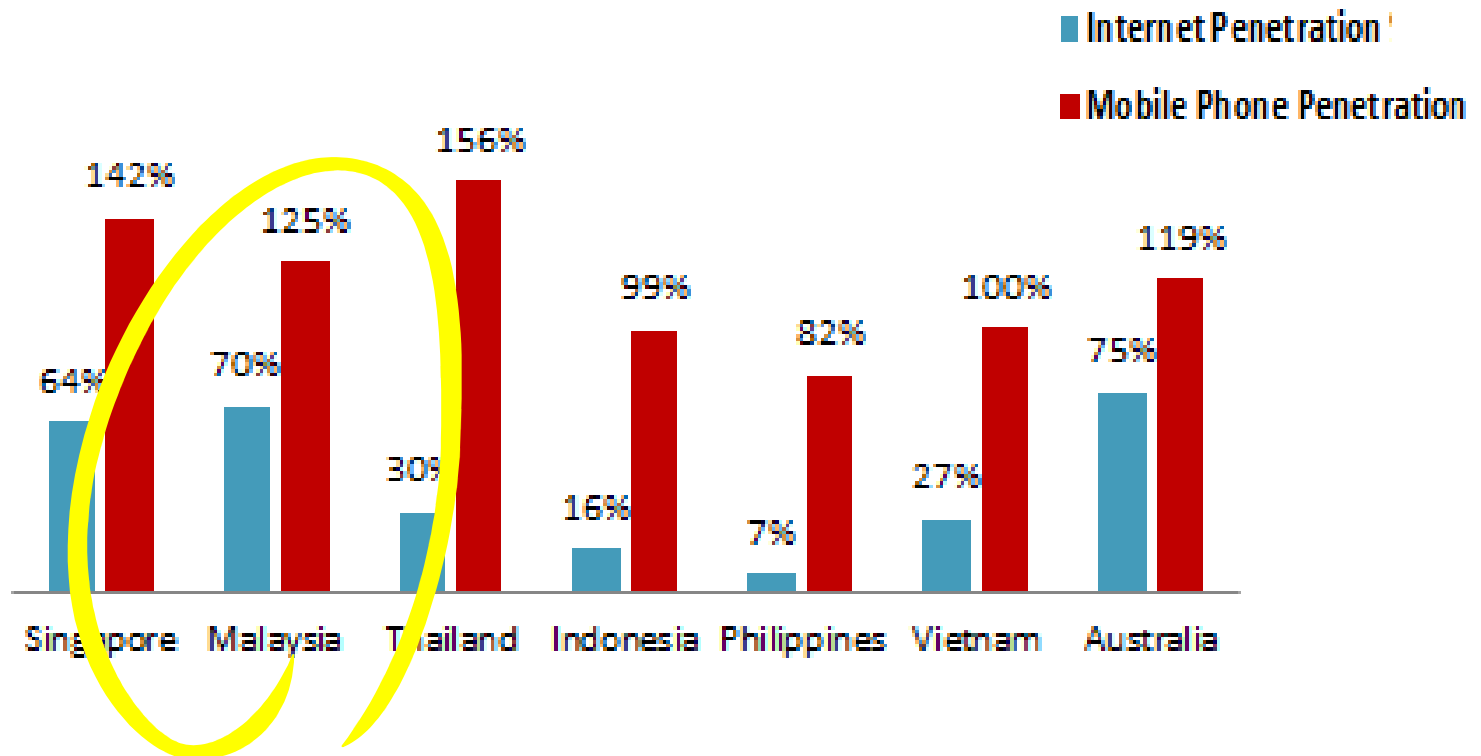
Growing consumer recognition of card use benefits, particularly amongst the Youth population

Strong business incentives for merchants to support and promote card acceptance

Dramatic rise in digital merchant environments where cash is not an option

Recognition by Central Banks that cash is inefficient



# E-Commerce will be central to growth – with mobile important in Malaysia



**E-COM IS FORECAST TO GROW AT OVER 20% PER YEAR FOR NEXT 5 YEARS – M-COM OVER 70%**

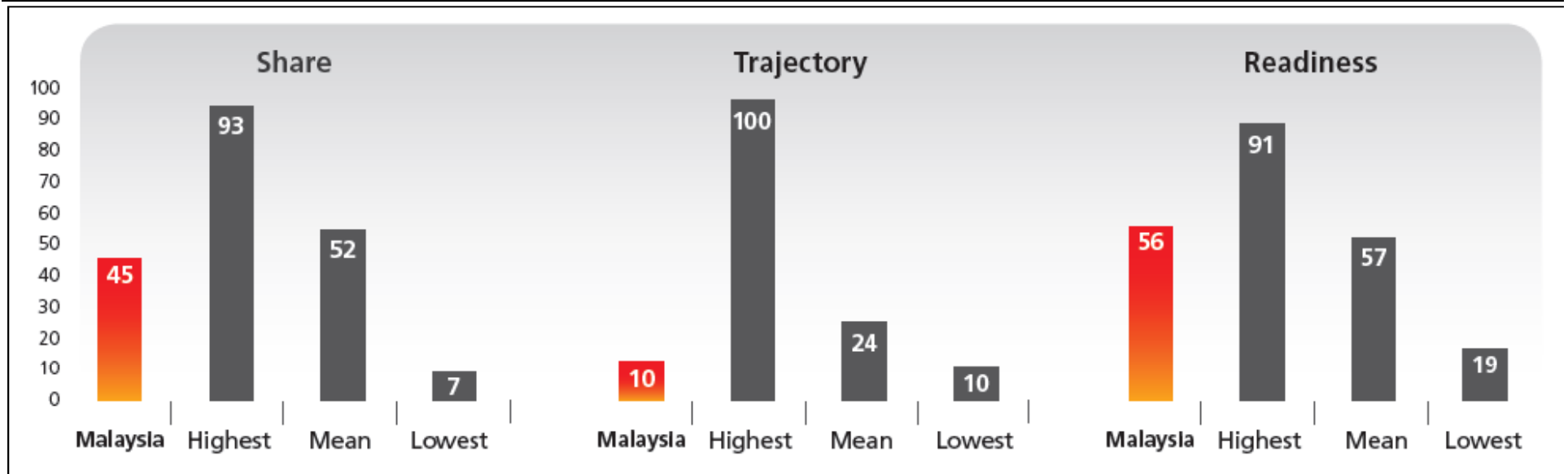
# Card use is increasingly promoted by Central Banks and merchants in recognition of value



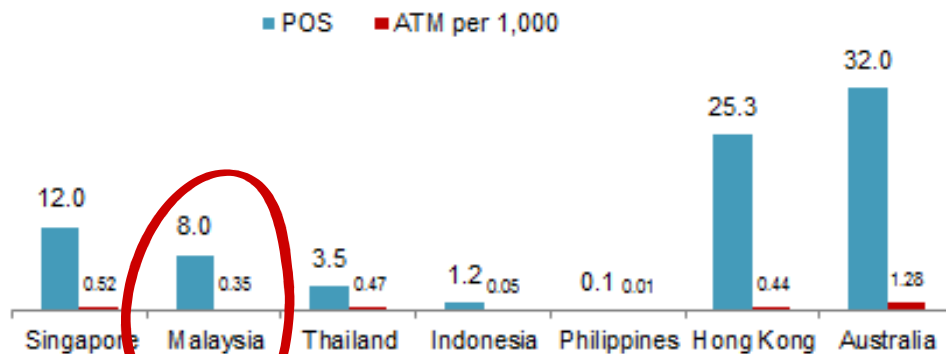
	Merchants' main cost categories for card payments	Transparency	
Cards	Telecommunications	✓✓✓	 <p>Merchants <u>card payments</u> Costs are transparent</p>
	POS terminals	✓✓✓	
	Fees	✓✓✓	
	Merchants' main cost categories for cash payments	Transparency	
Cash	Front-office	✓✓	 <p>Merchants cost of <u>cash</u> transactions are less transparent</p>
	Cash handling	✓✓	
	Security	✓✓✓	
	Transport	✓✓✓	
	Insurance	✓✓✓	
	Lost interest	✓	

6 independent studies in Europe have shown **higher merchant costs for cash; on average ~324 bps cost for a cash transaction versus ~121bps for Debit cards**

# Malaysia is “ready” for cards, but growth is still slow

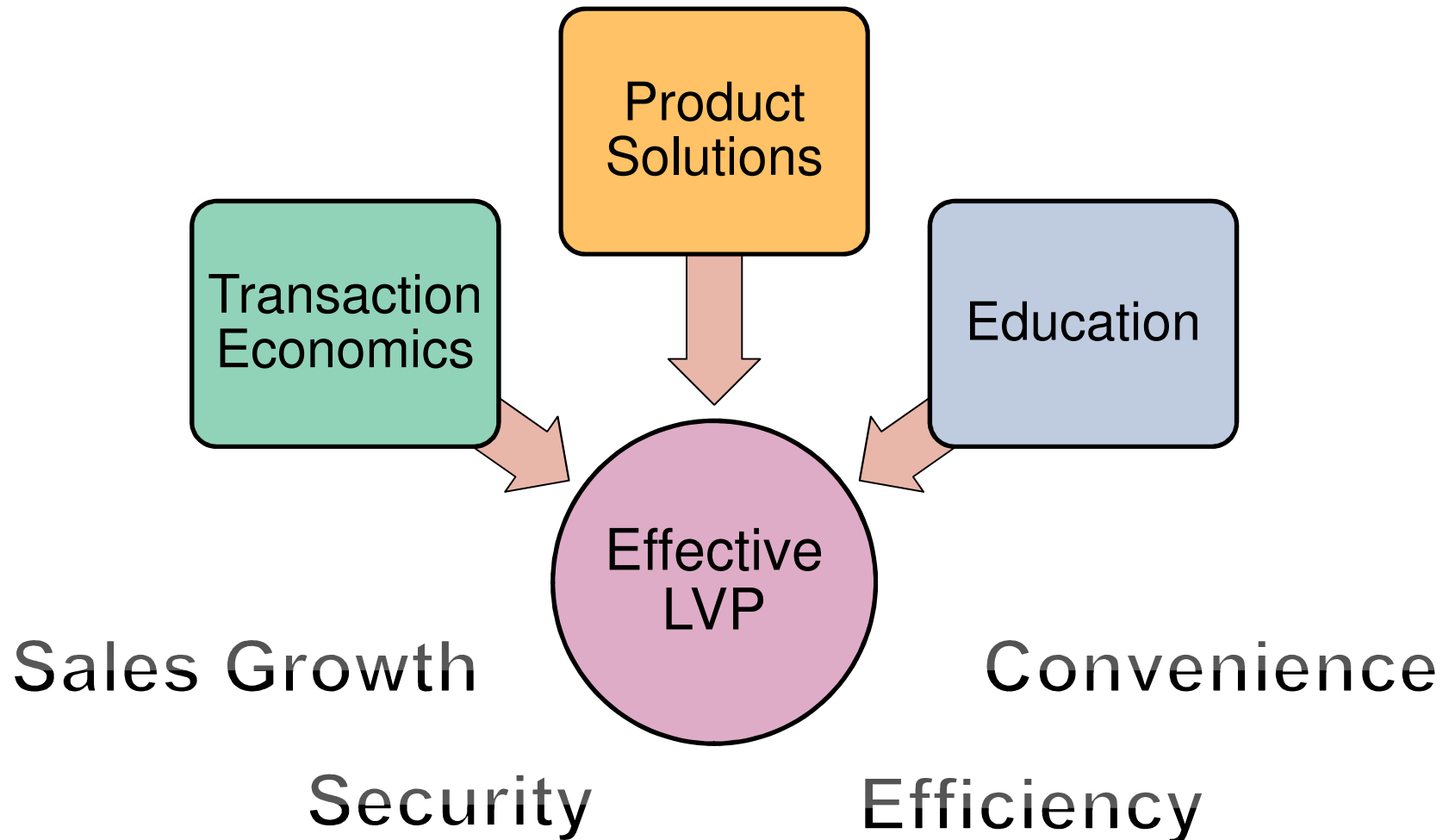


ATM & POS Terminals per 1,000 ppl.



One of the highest POS terminal ratios regionally

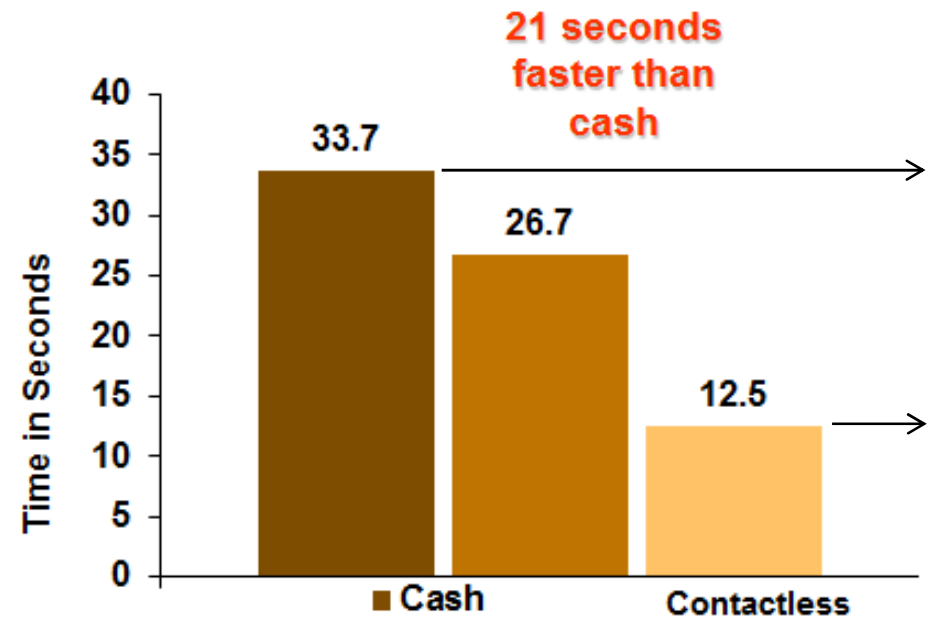
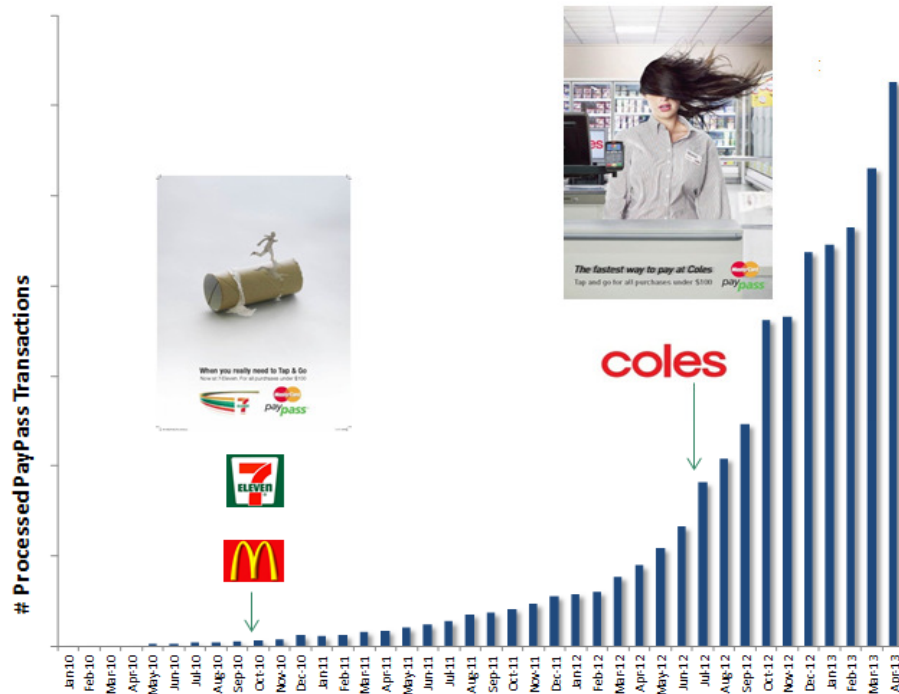
# Focusing on payments, particularly low value transactions will drive benefits



# Recognising and driving value from digital convergence will benefit merchant community



# Contactless payments are a key business enabler that merchants can leverage



- **Fast and Convenient**
- **Displaces** cash for everyday purchases
- **Enhances** credit, debit, pre-paid and commercial accounts

# New merchant acceptance solutions can also drive new opportunities



Value Delivered



New Merchants



Existing Merchants



Leading Retailers

- The mobile phone can be the enabler
- Offers alternative and simplified cost model vs. traditional acquirer solutions
- Transforms in-store retail experience by replacing traditional fixed POS and integrating value add applications

# Leveraging creative ideas can drive consumer behaviour for merchant benefit

## - Cashback at POS is one example



### Consumer Benefits

Convenient and practical cash access

- *No need for separate ATM visit*

Simple and easy process

- *Part of standard transaction process*

Cost effective

- *Easy cash access with no fees*

Offers greater security

- *Safe and secure environment*

### Merchant Benefits

Greater security at the till

- *Less cash retention*

Improves profitability

- *Lower cash/cheque management costs*

Drives behaviour change

- *Promotes card use at POS*

Offers competitive advantage

- *Drives loyalty and differentiation*

# The promotion of simple, safe & convenient payments will influence behavioural change



MasterCard

Page 13

**PROMOÇÃO DÉBITO DA MASTERCARD® FACILITA SUA VIDA**

Use seu **Cartão de Débito MasterCard®**. Você é prático, rápido, seguro e dá prêmios.

Todo dia, uma chance nova de se surpreender.

Você pode viver o luxo um fim de semana, com as **personalidades de luxo** de luxo. É mais seguro e confortável (grátis) por um ano.

**TODO SEMANA UMA NOVA CHANCE DE GANHAR:**

- Use seu Cartão de Débito MasterCard® para fazer compras em lojas de luxo.
- Use seu Cartão de Débito MasterCard® para fazer compras em lojas de luxo.
- Use seu Cartão de Débito MasterCard® para fazer compras em lojas de luxo.

Cartão de Débito MasterCard®. Disponível em lojas de luxo.

**IT'S NOT JUST AN ATM CARD IT'S YOUR ATTITUDE**

It's not just an ATM card, it's your attitude. It's the way you think, the way you live, the way you shop. It's the way you make every purchase count. It's the way you make every purchase count. It's the way you make every purchase count.

Other benefits:

- Faster loading, deposits and transfers
- Pay utility bills
- Repurchase loyalty, hotel and other benefits



**SHOPPING WAS NEVER SO SECURE!**

The secure (Bank Nirmal) Debit MasterCard is all you need in your wallet to go shopping. Just swipe and pay. It's just so easy and convenient. All MasterCard cards feature Chip & PIN technology for extra protection.

(Bank Nirmal) MasterCard®, accepted at more than 1.6 million ATM locations worldwide.

**WHY WITHDRAW CASH FOR SHOPPING?**

USE YOUR CENTRAL BANK OF INDIA MASTRO MASTERCARD DEBIT CARD. THE SMART WAY TO PAY.

Your Debit card is more than just an ATM Card; it gives you the power to make everyday purchases, shop online, make utility bill payments, and online ticket bookings.

UNLIMITED ONLINE SHOPPING    EVERYDAY PURCHASES

**KAWA LUB DESER GRATIS!**

Zaplat kartą MasterCard® PayPass™ lub Mestro® PayPass™ w dowolnej McDonald's. a kawa lub deser gratis

100% ANGIEK SWIEZO MIELONA

# Summary

 **The rapid drive towards electronic payments will continue**

 **Youth will be key to the growth - as a major consumer force and the future middle class**

 **Merchants can drive sales, efficiency and loyalty with the right payment solutions focus**

