

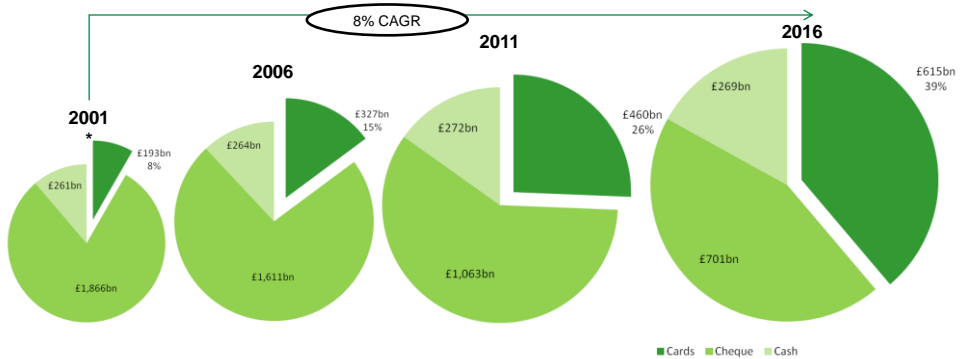
## Cashless Made Real

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10 November 2011

### Card Payment Trends

The total value of UK payments has increased rapidly in the past decade.  
 Cards' share has tripled to 25%, representing an 8% CAGR.  
 Digital economy payments are forecast to overtake face-to-face payments next year,  
 also on an 8% CAGR trajectory.

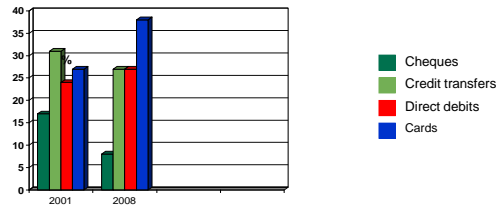


Source: Payments Council, 2011

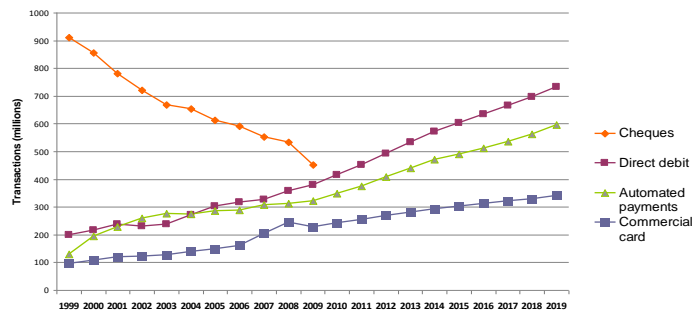
## Card Payment Trends

- Cards enabled payments are becoming the mechanism of choice for corporates and consumers.
- Card payments currently account for 16% of UK B2B non-cash payments. Corporate cards are expected to account for 20% of UK B2B payments volume by 2019 (UK Payments Council).
- Amex, Visa and MasterCard continue to assert the strength of their issuing and clearing networks, promoting card adoption.

Non-Cash Transactions in Europe 2001 vs. 2008



UK B2B Transactions



## Why Do Card Payments Matter to Customers?

- Simplified business processes and reduced costs
- Enhanced management information
- Controlled delegation of authority, with improved security

*“The business case for commercial prepaid in Europe is gradually being refined .. and there is growing demand for prepaid services from larger institutions.”*

PSE Consulting 2011

*Commercial card issuers continue to innovate in ways that are closely focused on cardholder needs including management information and tools to analyse and control expenditure ... Use of single time products and other virtual cards such as lodge cards is also rising..”*

UK Payments Markets 2011

*“Employee benefits that also reduce costs for employers are uncommon. Payroll cards are that kind of benefit.”*  
MasterCard 2010

*“Increased audit and control capabilities are key drivers for adoption”*  
CorporatePay 2011

### Consumer

- Cash convenience
- Control of personal finances
- No electronic footprint (€500 notes)
- Experience at point of purchase – weakest link
- Behaviour across segments
- Business case

### Business

- Do not see true cost of cash handling
- Card adoption without payment process transformation
- Cost of added value services & platforms
- Needs vary by segment
- Decision process (small vs large businesses)
- Prioritisation
- Business case

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- Economic downturn has brought increasing pressure for cost controls
- Improved security and fraud controls are increasing consumer acceptance of cards
- E-commerce continues to grow strongly, with cards remaining the dominant e-commerce payment method
- Private and public sector organisations are demanding enhanced payment solutions
- Product and technology innovations are extending card payment applications



March  
2011

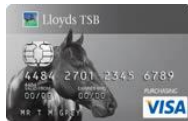
*The UK Cards Association reports fraud on UK credit and debit cards in 2010 was at its lowest level since 2000 – a 17% reduction on 2009 figures to £365.4 million.*



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## Corporate Card Payments at Lloyds Banking Group

- Growing demand for card payments from our UK corporate customer base
- Cards increasingly seen as a key element in our Transaction Banking proposition
- Extension of our corporate card portfolio to include multi-card, prepaid, lodged and currency cards
- Demand for advanced functionality, management information & analytics
- Optimisation of corporate card payment programmes
- Flexibility to meet client and cardholder needs – and support customers in communicating cardholder benefits



## The Olympic Opportunity



Preloaded gift cards



Reloadable allowance cards

London 2012 Organising Committee (LOCOG)  
 204 National Olympic Committees  
 150 National Paralympic Committees  
 150 International Broadcasters  
 25 Sports Federations  
 45 Olympic Partners, Supporters & Suppliers

- Open loop prepaid cards – for gifts, expenses, allowances, salary payments
- Contactless technology for speed and ease of use
- Delivering:
  - security and spend control
  - temporary salary and T&E provision
  - cardholder convenience

## Where Do We Go From Here?

- What is the future for corporate cards?
- What is the technology roadmap to get us there?
- What might stand in our way?
- Why will card payment networks continue to win?

## Thank you

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10 November 2011