

Emerging Payments Forum

Barclaycard Perspective

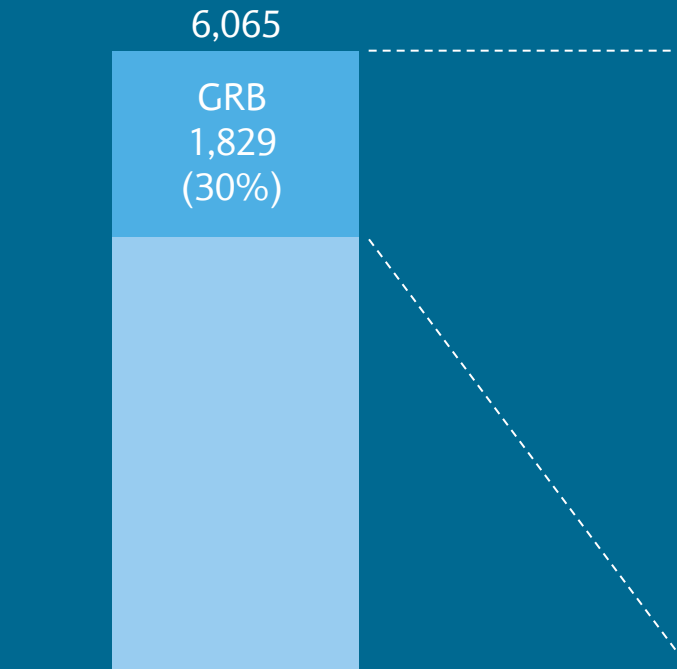
Philip McHugh, Chief Finance Officer - Barclaycard
29th March 2011

Presentation Content

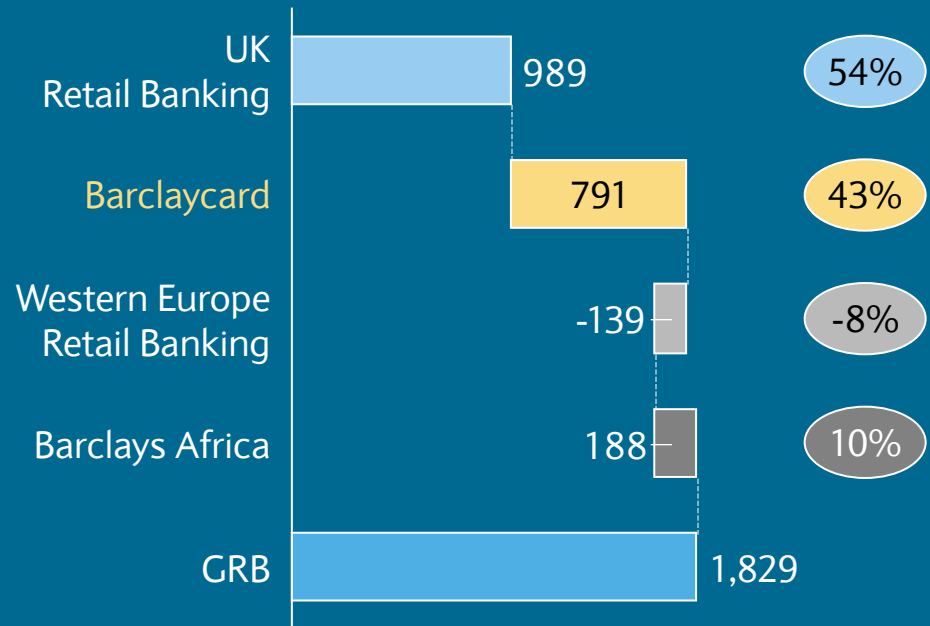
- Overview of Barclaycard
- Emerging Trends
- Innovation in the Digital Payments Space

Barclaycard is an important part of Barclays Global Retail Banking (GRB)

Barclays 2010 PBT Composition (£m)



GRB 2010 PBT by business (£m)



Barclaycard has innovated and diversified from its roots as a UK consumer card provider



History of Firsts

- 1966: **First** UK credit card & acquiring network
- 1986: **First** UK credit card loyalty scheme
- 1995: **First** UK card company online
- 2007: **First** contactless card in UK



Track Record of Diversification

- 1977: Company Barclaycard
- 1991: Germany
- 2004/5: US, South Africa, Scandinavia
- 2010: Barclaycard Freedom

Barclaycard today is a broad international payments business...

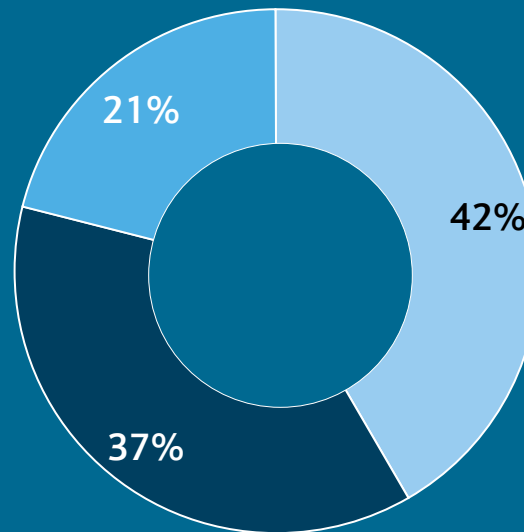
Business Payment Products

- Payment Acceptance
- Commercial Payments
- Barclays Partner Finance

International Consumer Credit Cards

- United States: #9
- Germany: #1
- Absa Card: #2

Barclaycard Total Revenue '10:
£4,024m



UK Consumer Credit Cards Position

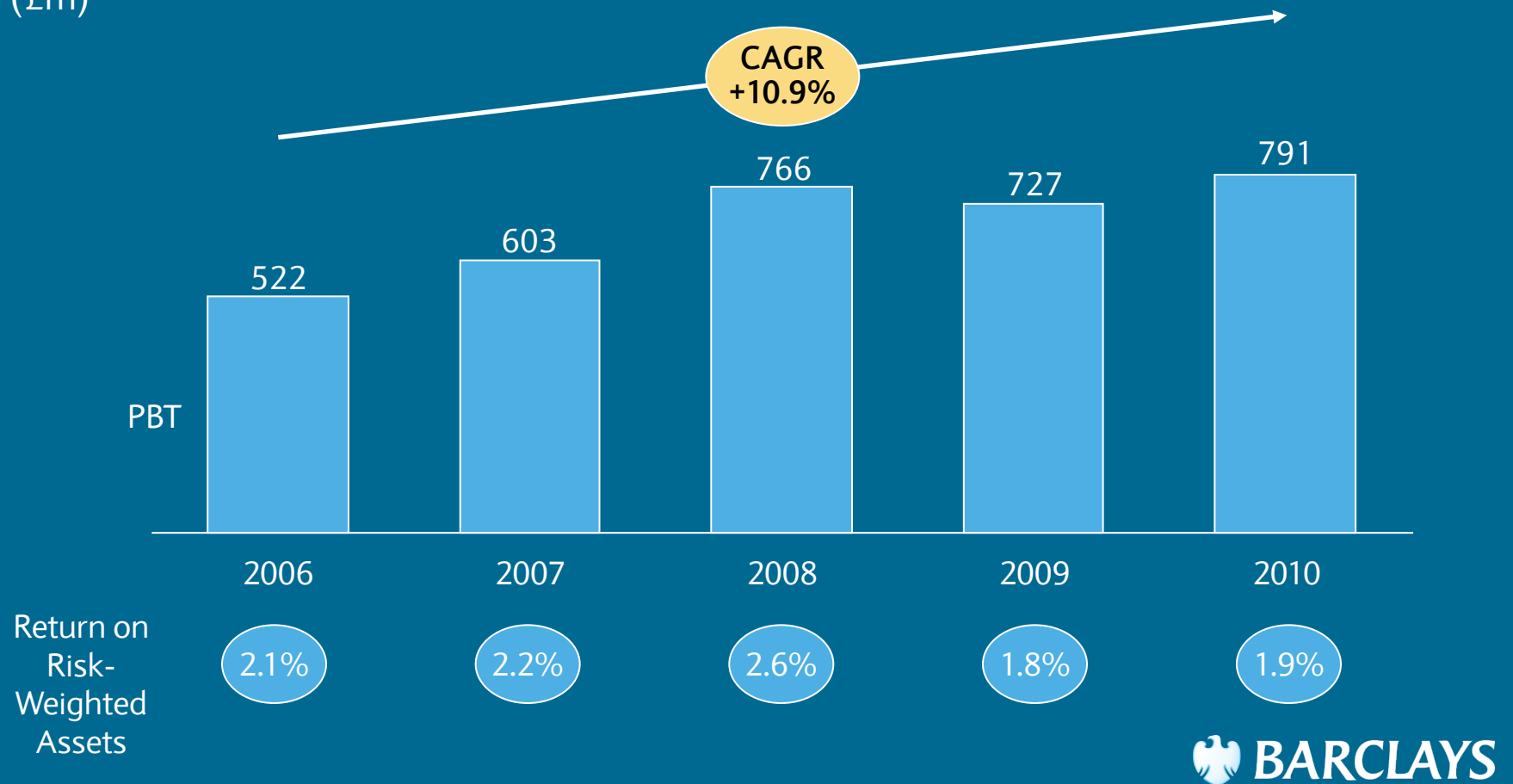
- United Kingdom: #1

Barclaycard Total Spend processed '10:
c.£200bn

Note: Credit Card market position based on receivables
Sources: UK - competitor annual reports 2010, US - Nilson 02/11 (Visa and Mastercard issuers); Germany, EnterCard – Datamonitor 06/10; Absa – competitor annual reports

...with strong track record of returns through the cycle

Barclaycard 2006-2010 PBT
(£m)



Pressures on consumer credit card issuing are accelerating industry change

Pressures

1

Market Maturity



- Limited growth in developed economies
- Consumers de-leveraging

2

Regulatory Changes



- US Credit Card Act
- European Consumer Credit Directive

3

New Competition



- Mobile carriers
- Retailers and non-banks

4

Mobile &
Digital Payments



- Growth in mobile payments
- Consumer uptake of new technology

Barclaycard growth strategy

GRB Vision : LIVES MADE MUCH EASIER

Leading positions in existing markets

Product diversification beyond consumer credit cards

Leadership in payments innovation

Enabled by rigorous risk and cost management

Barclaycard is innovating in the emerging digital payments space

Leadership in payments innovation

- Consumer behaviour and technology changing rapidly
- Trends will differ by market
- Uncertain which models will win
- Barclaycard has key competitive advantages
- Barclaycard is committed to maintain its position as a leader and innovator



Creating the UK market in contactless



*Barclaycard
launched
contactless in
2007*

- Part of the emerging payments infrastructure for proximity and NFC
- Position in issuing, acquiring and debit enabled us to create the market in the UK

- 11 million contactless debit and credit cards
- Transaction volumes more than doubling in the last year
- Major outlets (McDonalds) and retailers (Boots) and are going contactless

Increasing customer spend through loyalty



*Barclaycard
launched
Freedom loyalty
scheme in 2010*

- Innovative real-time reward proposition, earn and redeem at point of sale
- Position in issuing and acquiring enabled us to connect buyers and sellers

- 1 million customers have earned >£3.4m in Reward Money
- 4 million transactions at participating retailers...
- ...with average uplift in qualifying sales of 14%⁽¹⁾

(1) Refers to retailers who joined at launch

Shaping the future of mobile payments



Barclaycard has partnerships with major mobile operators in UK and US

- In UK, strategic partnership with Orange since 2009
 - In US, partnering with ISIS joint venture which is creating a national mobile payment network using mobile phones
- In UK, preparing to launch mobile contactless payments using NFC
 - In US, planning to introduce service within next 18 months

Barclaycard will drive growth from a strong base

**Customers
will determine
success in the
digital payments
space**



**Barclaycard is
well positioned**

Emerging Payments Forum

Barclaycard Perspective

Philip McHugh, Chief Finance Officer - Barclaycard
29th March 2011