Emerging Payments Forum

Barclaycard Perspective

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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 1,829 (30%)
- 6,065

GRB 2010 PBT by business (£m)

- UK Retail Banking: 989 (54%)
- Barclaycard: 791 (43%)
- Western Europe Retail Banking: -139 (-8%)
- Barclays Africa: 188 (10%)
- GRB: 1,829

791 (Barclaycard)
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
- EnterCard Joint Venture: #2

**Barclaycard Total Revenue ’10:** £4,024m

**UK Consumer Credit Cards**
- 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)

- 2006: 522
- 2007: 603
- 2008: 766
- 2009: 727
- 2010: 791

CAGR +10.9%

Return on Risk-Weighted Assets:
- 2006: 2.1%
- 2007: 2.2%
- 2008: 2.6%
- 2009: 1.8%
- 2010: 1.9%
Pressures on consumer credit card issuing are accelerating industry change

Pressures

1. Market Maturity

2. Regulatory Changes

3. New Competition

4. Mobile & Digital Payments

Industry Impacts

• Limited growth in developed economies
• Consumers de-leveraging

• US Credit Card Act
• European Consumer Credit Directive

• Mobile carriers
• Retailers and non-banks

• 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

- 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

- 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

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
Increasing customer spend through loyalty

Barclaycard launched Freedom loyalty scheme in 2010

- 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

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