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Press Release

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MasterCard Announces Unique Pilot with Royal Bank of Scotland

MasterCard Europe announces the Launch of a Low Value Payment Solution

Waterloo, Belgium, 7 February 2005 – MasterCard Europe today revealed a ready-to-market solution to eliminate cash from its last strong-hold of low value payments, those below 15 euros.

The Royal Bank of Scotland Group, will be the first to drive European implementation of the solution. Leveraging MasterCard *PayPass*[™] contactless technology, they will commence a first pilot phase in the UK this summer.

Unveiling the programme at MasterCard's fifth annual Debit Card Conference in Monaco, Dr Alexander Labak, President of MasterCard Europe, commented: "Low value transactions, where consumers traditionally rely on cash, are the next frontier for debit

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MasterCard International Introduces Breakthrough Solution to Accelerate Cash Replacement
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“Our research confirms there is huge potential for substitution of these 15 billion low value cash transactions,” said Labak. “Clearly a low value payment solution is required to help the players involved unlock this previously untapped opportunity² - we’ve worked with European banks to find a win win for them, their cardholders and importantly merchants traditionally accepting cash”.

MasterCard’s tailored solution allows banks to offer card products which surpass the speed and convenience of cash specifically for low value transactions. By reducing the average costs associated with each transaction, card payments can become profitable down to, and even below, five euros.

Banks will also maximize their EMV investment while leveraging MasterCard *PayPass* contactless technology. Additionally, consumers’ ability to make transactions with speed and ease, using ‘tap & go’TM cards will drive greater acceptance in predominantly cash-only locations such as convenience stores, fast food outlets, vending machines and parking meters.

"The advent of a Single European Payments Area is giving the payments industry even greater impetus to make debit cards as attractive as possible for consumers. Banks are looking to us to bring next generation solutions to market quickly and we're delighted to partner with an industry leader like RBS to deliver the future of payments, today," added Labak.

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Iain Clink, Managing Director, RBS Group Cards Business said:

“We believe that the use of the MasterCard *PayPass* contactless technology provides an exciting opportunity to address the low value payment needs of both consumers and retailers. We are looking forward to working with MasterCard Europe to trial this innovative product over the coming months.”

-Ends-

Notes to Editors:

The MasterCard low value payment solution is offered to MasterCard customers as an additional card function – at the core of which is EMV chip technology. Added to a Maestro® or MasterCard® card, or even offered as a stand-alone card, the solution will have a clearly identifiable service mark. Currency specific, with a maximum transaction amount of €25 in the Eurozone, the programme works by allowing the cardholder to ‘tap’ (or ‘dip’ if required) their card at the point of sale. Since there is no need for a PIN or an online authorisation, the card is able to approve the transaction in less than a second and, by virtue of EMV, the issuer has the necessary control of the risk.

The cardholders’ perspective

The cardholder will have a fast, convenient alternative to cash and as it sits on a debit or credit card - it provides a single card for all payments. It is straightforward and easy to use -

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The merchants' perspective

The solution provides a low-cost, attractive alternative to cash particularly below the €15 mark. Without a CVM or on-line authorisation and with the option to simply 'tap' - the product is a fast, convenient cash replacement which can reduce check-out time significantly. It's also an open solution using the existing MasterCard/Maestro infrastructure and EMV technology, so minimal additional investment is required to support it.

The banks' perspective

The solution takes cash out of the system at minimal cost and has been designed to protect our customers' investment in traditional card payments so that the Maestro proposition and the secure PIN message for higher value transactions is not undermined. By extending what is known and what works, the product offers a straightforward proposition with minimal overheads, be they operational, technical or administrative – whilst retaining the ability to give the card issuer the control needed to make informed decisions about managing the card's risk. As a result, it will encourage increased card usage and promote increased card acceptance.

Forward-Looking Statement:

This press release contains forward-looking information. Although MasterCard believes that its expectations are based on reasonable assumptions, it can give no assurance that its objectives will be achieved. Important factors that could cause actual results to differ

K. MasterCard disclaims any obligation to publicly update or revise any forward-looking information.

About MasterCard

MasterCard International is a leading global payments solutions company that provides a broad variety of innovative services in support of our global members' credit, deposit access, electronic cash, business-to-business and related payment programs. MasterCard manages a family of well-known, widely accepted payment card brands including MasterCard®, Maestro® and Cirrus® and serves financial institutions, consumers and businesses in over 210 countries and territories. The MasterCard award-winning Priceless® advertising campaign is now seen in 105 countries and in 48 languages, giving the MasterCard brand a truly global reach and scope. For more information go to www.mastercardinternational.com.

About RBS

The Royal Bank of Scotland Group ("RBS Group") is one of the world's leading financial services companies. In 2000 RBS successfully completed the £21billion acquisition of NatWest, the biggest takeover in banking history. Since the acquisition RBS has continued to grow the business through the combination of strong organic growth and acquisitions. RBS Group now operates in Europe, the US and Asia Pacific serving more than 35 million customers world-wide and employing more than 140,000 people. In addition to the provision of a full range of banking services under The Royal Bank of Scotland and NatWest brands, RBS Group also includes Citizens Financial Group, Ulster Bank, Coutts Group, Direct Line and Churchill.