



**Integrated payment services –
ensuring secure success**

 **pago.**

Pago – The European Acquiring & Payment Service Provider

The key factors to successful E-commerce are payment security, speed of clearing and maximum transparency for all your transactions. That is why more and more online merchants are turning to Pago's services. Pago offers a complete range of electronic payment services – from central credit card acquiring and national payment methods to risk minimisation and fraud prevention tools. Since 1999, many German and European online merchants have been processing their transactions through the innovative Pago platform. This platform and, indeed all Pago services, are continually being improved arming Pago's customers for tomorrow's trends. As a Visa and MasterCard Acquirer for the European licensing area, Pago allows its customers to accept worldwide credit card payments for online and PoS transactions.

Some Facts

Pago eTransaction Services GmbH is an international Acquiring & Payment Service Provider for E-commerce merchants, for mail-order companies and for traditional bricks-and-mortar (Point of Sales) businesses. Pago ensures that electronic payments to merchants are quick, simple and secure.

Pago was founded in 1999 and is a Deutsche Bank AG and Beisheim

Holding Schweiz AG company, providing services through a global Partner Network.

Pago now services thousands of online shop connections for companies from many different industries – like E-retailing, E-health/ pharmacy, telecommunications and travel.

Management & Team

The Pago team is made up of experienced experts drawn from the finance, E-commerce, IT, commercial and communications sectors.

Under the leadership of Managing Director Dr. Markus Weber Pago is constantly improving and developing its services thereby always providing customers and partners with the best support for their business success.



*Pago's Managing Director:
Dr. Markus Weber*

BEISHEIM HOLDING SCHWEIZ

Deutsche Bank



Acquiring & Payment Services

Offering a worldwide unique integrated combination of central credit card acquiring and payment processing from one source, **Pago Payment Services** allow merchants of all sizes to accept all international and national payment methods – from Visa, MasterCard and Maestro to American Express, Diners Club, JCB and regionally important Direct Debit payments such as giropay.



The Pago licensing area for Visa and MasterCard includes Andorra, Austria, Belgium, Channel Islands, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Gibraltar, Greece, Hungary, Ireland, Iceland, Isle of Man, Israel, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Monaco, Netherlands, Norway, Poland, Portugal, San Marino, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey and the United Kingdom.

Pago is a central acquirer for Visa and MasterCard and operates in the European licensing area which includes all of the new countries in the enlarged European Union.

Payment transactions are processed through the Pago Platform, which is continually updated and improved to serve our customers' needs. Our modern technology guarantees high quality, complete transaction security, maximum efficiency and excellent system availability.

Expertise and Experience

Pago staff can draw on many years of experience and expertise and competence in international E-payment. At the same time our flexibility ensures that we can cater for the specific demands of the industry sectors we serve. Exploiting this expertise, Pago publishes an annual report, the **Pago Report**, which is a detailed analysis of international E-commerce based on real-life purchase transactions. The report, first published in 2002, is a unique source of facts and data on European E-commerce and E-payment for experts around the world.

In addition to payment services Pago offers sophisticated and proven **Risk Management Services**, which considerably reduce non-payment risk thereby securing the merchant's cash flow.

Our **Client Service** is unique too. Clients using **Pago Online Administration** have complete transparency of all their transactions around the clock enabling them to perform necessary measures directly from their browser.

Pago BIS, our Business Information Service, supplies you with daily online reports which you can download over the internet.

Pago CIS, our Chargeback Information System, not only informs you of all chargebacks but also enables you to directly initiate necessary procedures.

Pago WebDebtor provides you with all the information and tools to manage your receivables.

Pago OMA, our Online Merchant Administration, allows Pago Partners to manage their merchant contracts online.

Pago Client Service is always available to Pago Partners and Pago customers for all your queries, giving you help and advice.

Ongoing Development and Enhancement

Pago is continuously developing and enhancing its service range and its technical platform.

Even though the credit card is the most popular online payment method in Europe, trends toward national payment methods can be observed in individual countries.

Because Pago is a pan-European service provider for European customers, we transform these trends into services to cater to the needs of online merchants. The same applies to our **Risk Management Services** which, of course, have to remain up-to-date and in line with current trends in E-commerce and we are continuously optimizing our range of services in this important field.



Our Range of Services

Secure payment processing

The main problem facing E-commerce merchants is the anonymity and asynchronisation of the processes involved. The merchant never gets to meet his customer personally and, the other traditional principle of retailing, "simultaneous exchange of goods for money", is similarly not applicable. Minimizing the resulting non-payment risks involved has led to a consolidation in the range of payment methods offered for online transactions. Today the credit card is the most important payment method on the internet. Pago has accordingly focussed on the credit card within its range of **Payment Services**.

▶ The right payment methods

Pago **Payment Services** offer one-stop card acceptance and payment processing from one provider. If a merchant wants to offer credit card or debit card payment in his online shop or at his point of sale, he can contract directly with Pago enabling him to immediately start processing card transactions for Visa, MasterCard and Maestro through the Pago platform. Pago also processes credit card transactions from the other card brands, like American Express, Diners Club and JCB.

Merchants can also process credit card transactions from their point of sale terminals through the Pago platform using **Pago's PoS Acceptance**.

Due to the regional and national consumer popularity of certain other payment methods, Pago also offers national versions of direct debit procedures for online merchants.

Pago also provides **giropay**, a secure payment method developed by the German banks and based on the principle of homebanking, which is very popular in Germany.

This comprehensive range allows online merchants to offer their customers the most popular and established payment methods available. By doing this, the E-payment part of an online shop is transformed into an element which attracts and retains satisfied customers.

▶ Reducing risk – preventing fraud

Our proven **risk management services** for credit card and direct debit payments help to minimize non-payment risk significantly. In direct debit processing, our tools avoid erroneous inputs which can cause undue payment delays. For credit card payments, the risk tools are designed to ensure that the customer is entitled to use the credit card number given. The most comprehensive service, **Pago Fraud Screening**, is a special fraud prevention tool for the card-not-present (CNP) domain – i.e. for all cases where the credit card is not physically presented to the merchant.

Of course, our services support the current address verification and authorization standards set by the credit card organisations. Pago customers can also use the applicable version of the 3-D Secure procedures, thereby getting maximum clarification that their customer is authorised to use the credit card given.





Transaction transparency

Our **Client Services** modules offer the unique ability to monitor and analyse all your transactions in real time in clearly structured reports. These enable merchants to react as necessary, conveniently and online to both credit card and direct debit transactions and to chargebacks and debit entries.

In addition, Pago's comprehensive support services respond quickly and competently to customer queries.

One-stop E-payment services

By combining **Payment, Risk Management** and **Client Services**, Pago is a one-stop E-payment service provider offering everything for electronic payment processing.

Our current range of services is the result of many years of experience in E-commerce, retailing and financial services combined with a detailed grasp of the specific requirements of individual industry sectors and customers.

Pago Services at a glance



Payment Services:
One-stop processing of all payment methods



Risk Management Services:
Security for your payment processing



Client Services:
Transparency, support & help

Payment Services	Risk Management Services	Client Services
Pago Online Acceptance	Pago Card Check	Pago Client Service
Pago PoS Acceptance	Pago AVS	Pago Online Administration
Pago Card Processing	Pago Fraud Screening	Pago Security Support
Pago Direct Debit (ELV)	Pago 3-D Secure	
Pago Online Bank Transfer	Pago Account Check	
giropay	Pago ELV Check	

Payment Services



Credit and Debit Cards are the main payment vehicles

Every business offering goods and services knows that the bottom line is crucial. This applies to E-commerce just as it does to both traditional mail order businesses and bricks-and-mortar retailers. Because purchase transactions in E-commerce are processed digitally, speed and transparency is vital.

Credit cards and debit cards, so-called plastic, are now the most important payment vehicles in E-commerce. This position is largely due to the fact that they can be used not only on the internet but also in all the other distribution channels available to the consumer. Pago **Payment Services** therefore focus strongly on these cards.

> All-inclusive Acceptance

All-inclusive acceptance offered by Pago is the ideal solution to merchants who want to allow their customers to pay with Visa or MasterCard. Pago acts as an acquirer for both of these credit card organisations in Europe and can, therefore enter the necessary acceptance contracts with merchants. This enables Pago's Online Acceptance customers to get one-stop card acceptance and payment processing from one single provider.

At the same time, Pago also offers card processing services for transactions with American Express, Diners Club and JCB thereby helping online merchants to offer their customers an ideal selection of payment methods.

> Maestro Acceptance

Pago is one of the first acquirers who can offer their customers Maestro Acceptance for both within and outside the United Kingdom. This provides our merchants the opportunity to open up and penetrate completely new market segments and customer groups because Maestro is the most popular debit card in the UK and is fast becoming the same throughout the rest of Europe. Because it is backed up by MasterCard SecureCode, Maestro is also one of the most reliable and safest payment methods for online merchants.

> Credit card at point of sale

Pago **PoS Acceptance** is ideally suited to businesses operating in both traditional bricks-and-mortar outlets as well as online. This service includes the acceptance of credit

card transactions at PoS terminals. The subsequent processing of these transactions is very similar to E-commerce transactions. Merchants, who use Pago services for both internet and PoS transactions, benefit from all of Pago's **Client Services**, thereby getting maximum transaction transparency.

> giropay – payments like with homebanking

Pago's **giropay Acceptance** provides a payment method for German consumers based on the PIN and TAN procedures familiar to all German homebanking users. This payment method offers several benefits to merchants: payments cannot be reversed once they have been executed by the consumer's bank and payments are usually received within three banking days. In addition, participating banks also guarantee payment up to €5,000 per purchase.

Risk Management Services

Payment security as a factor for success

The brief history of E-commerce has shown that payment security is one of the key factors for success in E-commerce. If a merchant is not paid for the goods and services he sells, he will not survive. Therefore, effective risk management is crucial for electronic payment processing.

Pago offers comprehensive and reliable protection (fraud management) tools against non-payment, misuse and fraud.



▶ Eliminate cursory mistakes

Many online merchants have experienced the delays and sometimes pain caused by consumers falsely entering their details for transactions. Typing errors when entering credit card numbers and bank codes can, however, be prevented. Pago offers reliable services for credit card and direct debit payment processing.

Pago Account Check is a module that checks the plausibility of the bank account number and bank code. Additionally, **Pago's ELV Check** can crosscheck an account with a national blacklist which contains all outstanding debit reversals.

▶ Authenticating customers

The 3-D Secure process has become the global standard for customer authentication when processing credit card transactions on the

internet. **Pago 3-D Secure** supports this system, providing processing for both Verified by Visa and MasterCard SecureCode transactions.

▶ Effective fraud prevention

At a time when organised crime is turning to E-commerce, fraud prevention tools are becoming more and more crucial to online merchants who accept credit card payments. **Pago Fraud Screening** is the ideal security tool for effective fraud prevention.

Pago Fraud Screening implements international address checks (AVS) and card verification number checks (CVV2/CVC2) alongside the proven screening tool "eBitGuard" from Retail Decisions. The fraud prevention mechanism is designed for online merchants who require a high level of security without undue sales rejection. Within seconds **Pago Fraud Screening** supplies a recommendation for each credit

card transaction, allocating one of three clear evaluations:

- ▶ Accept
- ▶ Deny
- ▶ Challenge

All transactions designated "Accept" can be processed without reservation. All transactions designated "Deny" should be rejected. All transactions designated "Challenge" should be rechecked individually.

This three-stage, clearly defined evaluation helps to distinguish between genuine and fraudulent credit card transactions. Charge-back ratios are reduced and payment processing costs are optimised.

Transparency & support

Pago has always emphasized intensive dialogue with its partners and customers, listening to them and developing products and services catering to the real needs of online merchants. **Client Services** is therefore more than just responding to queries and problems. Online shop operators need reliable advice, ongoing support and practical tools for maximum transaction transparency.

Customer-orientated and tailor-made

Pago Client Service is the first port of call for Pago customers with queries and requests. This includes help with transaction queries and notification of Pago system availability.

Even though most information is supplied to our customers proactively, Pago customers can also request transaction details and other specific support on demand.

Support & data security

Pago's special **Security Support service** provides professional security certification in accordance with MasterCard and Visa requirements. This is required to prevent the loss, theft or misuse of credit card information.

These standards apply to all acquirers, payment service providers, data storage entities and online merchants who offer credit card payment services over the internet.

Reports & Administration

Any E-commerce merchant knows that transparency and speed are vital.

Pago Online Administration consists of a range of modules which are accessible online at any time. **Pago BIS**, the Business Information Service, provides daily updated reports on all transactions. **Pago CIS**, the Chargeback Information System for credit card transactions, allows the merchant to monitor all current chargebacks and to take any necessary action that may be required. Receivables management is totally transparent when using **Pago WebDebtor**.

Pago Partners can manage their merchant accounts using **Pago OMA**, the Online Merchant Administration.

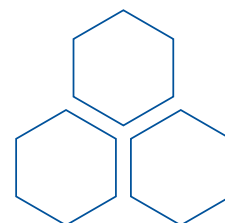
Pago Online Administration is free for customers subscribed to Pago's Payment and Risk Management Services.



The Pago Partner Program

Quality E-payment network

Smooth and functional E-payment processing is the foundation for every successful online business. This does not only require sophisticated and proven technology, but also involves the right selection of payment options and their correct implementation in the website shop. Pago has been a symbol of E-payment quality for many years and cooperates with experienced service providers throughout Europe. This cooperation forms the foundation of the **Pago Partner Program**.



pagopartner
program

> Pago and Partners

A new type of service provider has emerged in recent years, supporting merchants in their online operations. Apart from providing their customers with expertise and specialists to integrate shops into websites and to connect payment processing systems, specialist providers now offer their customers one-stop E-payment – from consultancy to shop integration. Pago has long cooperated with many of these innovative service companies in Europe.

> Training & certification

The **Pago Partner Program** is creating a quality E-payment network, which is based on Pago's market expertise and long-standing technological know-how. In order to maintain high universal standards, Pago offers comprehensive training to interested companies covering all relevant issues. Companies who fulfil Pago's high standards, successfully training their staff and undergoing certification by Pago can then become Pago Partners.

> Technology and Support

The Pago certification logo identifies Pago Partners for online merchants. Whereas **Pago Service Partners** support customers only with the technical connection of the website shop to the Pago platform, **Pago Sales Partners** and **Pago Acquiring Partners** provide a full service from acceptance contracts to connection and support.



Orientation through expertise and know-how

International E-commerce is continually shifting – markets are transforming, new consumer trends are emerging and payment habits are changing. The E-payment market is no exception – and it is often so dynamic that one can easily lose contact.

Pago has specialized in providing companies and organisations with a certain amount of orientation and direction. This not only includes our basic advice on the technical issues and changes in E-payment and credit card payment, but is also reflected in the annual publication of the **Pago Report** – one of the most important studies in E-payment available.

➤ Pago Report: Insider information

The first Pago study was published in the Spring of 2002. The basic idea was the analysis and evaluation of real-life purchase transaction processed through the Pago platform, offering a clearer picture of E-commerce than consumer and merchant polls.

The result was a first overview of online consumer purchasing and payment behaviour. The findings were often surprising and generated a lot of media interest in the Pago Study 2002 and a year later, in 2003. The Pago Study 2004 was based on 16.5 million purchase transactions which were collected and analysed using state-of-the-art data warehousing technology allowing regional and industry comparisons. Since 2006 this study is published under the name **Pago Report**.



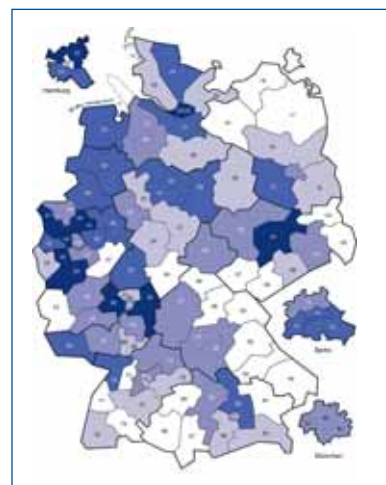
Key facts from the Pago Report 2006:

- ▶ analysis of some 50 million real-life purchase transactions
- ▶ more than 170 pages
- ▶ two versions: German and English
- ▶ over 200 different analyses
- ▶ nearly 100 tables
- ▶ some 100 diagrams
- ▶ four expert contributions

➤ Pago News: The Industry Newsletter

Alongside the annual Report, Pago also publishes, four times a year, an industry newsletter entitled **Pago News** which deals with topical information and facts about electronic payment processing.

Many subscribers use this newsletter, which is published in both English and German, to stay informed and to optimize their businesses.



E-Commerce Atlas 2006 of Germany: Percentage of online purchases: postal code areas; Source: Pago Report 2006



Pago eTransaction Services GmbH
Kaltenbornweg 1-3
50679 Cologne, Germany

Phone: +49 (0) 221 - 32 08 700
Fax: +49 (0) 221 - 32 08 720
e-Mail: info@pago-international.com
www.pago-international.com



You can find more information at
www.pago-international.com

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