

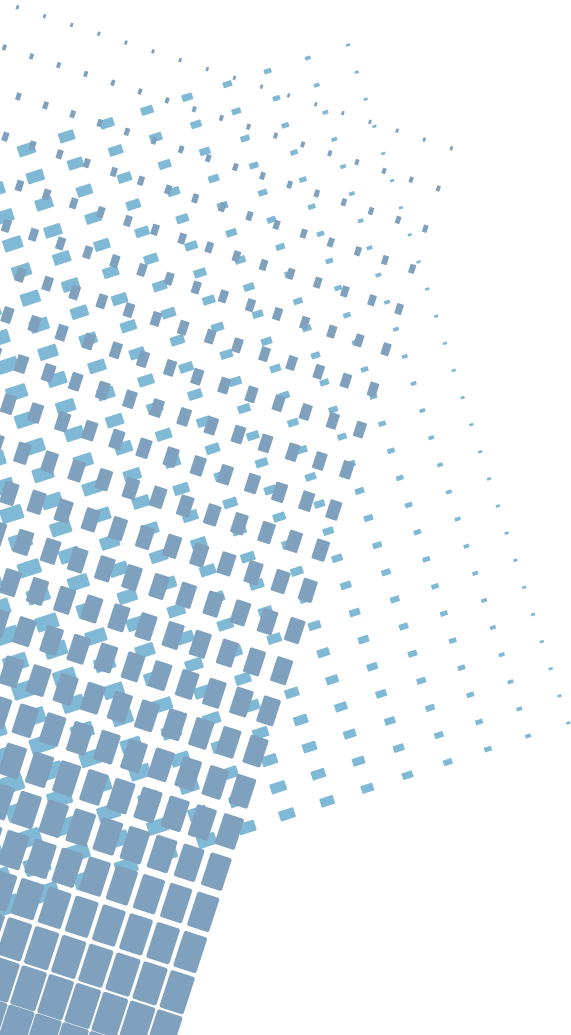
Payment Methods in Select Countries

GLOBAL PAYMENT OPTIONS



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Introduction

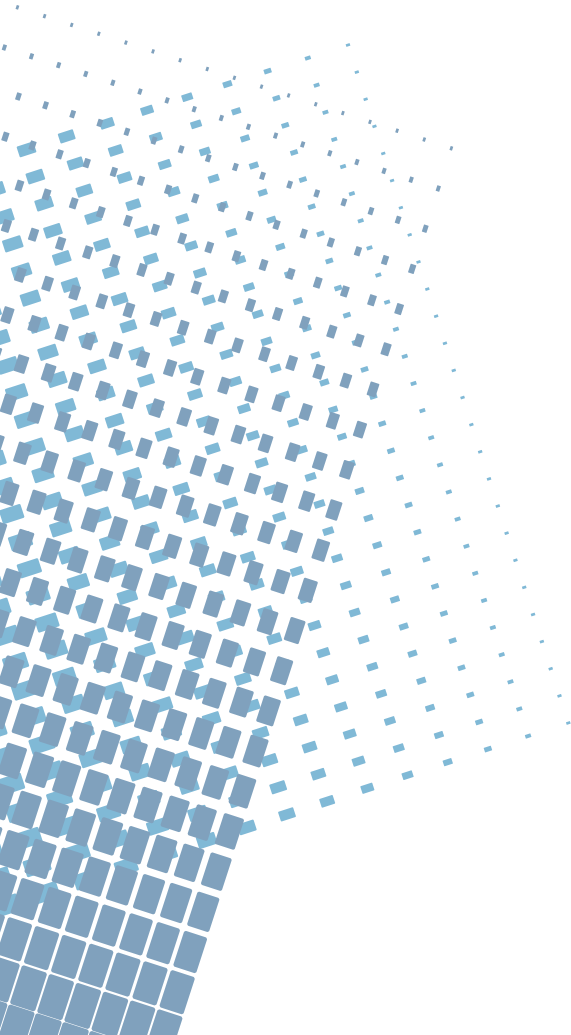
It's no easy feat to expand to new markets abroad. In addition to considering country-specific rules and regulations, there's localization—including payment practices.

Companies like yours are coming to CyberSource for best practices advice and insight related to their expansion plans. How large is the market in that country? How much do shoppers spend online? And importantly, what are the payment methods accepted?

One of the most important aspects to consider when entering new markets is payment acceptance. By taking consumer online payment preference into consideration, you may see a dramatic lift in sales.

We've taken snapshots of the countries we're asked most often about, and have provided some of the insights organizations like yours are finding useful as they expand into new markets. The snapshots include data on eCommerce activity, online payment preferences, as well as commentary on specific nuances in each country as it relates to payments.

If you would like more information about expanding internationally, please contact us at 1-888-330-2300 or info@cybersource.com.



Online Payments in BRAZIL

Currency:

Brazilian Real

Repatriation:

Not difficult

Number of Online Shoppers:

~23 million online shoppers in 2010¹

eCommerce Sales Volume:

R\$26.8 billion (~\$16.8 billion USD) in 2010²

Average Annual Sales per Online Shopper:

R\$1,165 (~\$731 USD) in 2010

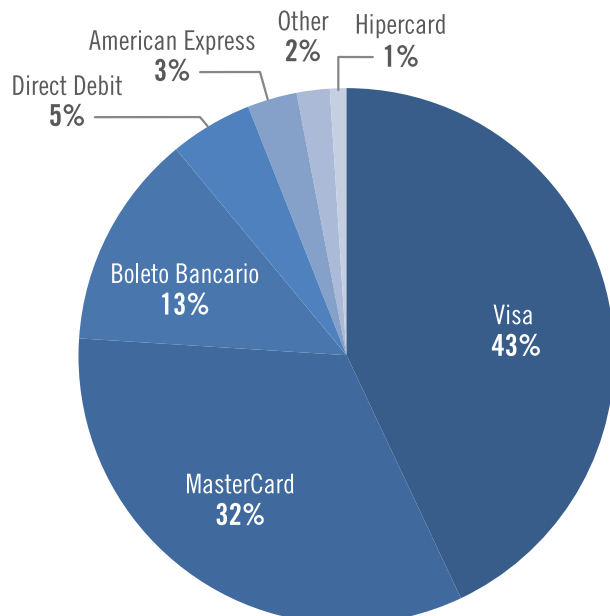
eCommerce Growth Rate:

35% growth in 2010³

Top eCommerce Categories⁴:

- | | |
|------------------------------------|--|
| 1. Electronics | 6. Movies, downloads, ringtones for mobile |
| 2. Home Appliances | 7. Travel |
| 3. Books, magazines, or newspapers | 8. Event tickets |
| 4. Computers/computer equipment | 9. Computer or video games |
| 5. Apparel | 10. Software |

Online Payment Preference⁵



~30% of the cards in Brazil can only transact in-country. You should establish domicile if business needs warrant. Credit card installment payments are popular due to low credit limits. You can be paid up front by the card associations, but you'll incur interest on the installment payments. Banks typically fund in 31 days, and there may be chargebacks, credits, deferred/delayed settlements in the interim. Also, you'll need to manually pull statements from each bank, all of which have different formats. PLEASE NOTE: Brazilian authorizations have a lifetime of 5 days only. Captures submitted after 5 days will fail.

Nearly 15% of online payments are boleto bancarios, which are offline bank transfers with expiration dates (customer must pay within a certain timeframe or the order can be cancelled). Boletos are popular because they help preserve the customer's open to buy on credit cards. The customer can go to any bank or use online banking to authorize bank transfers. Boletos are settled/funded 2-3 days after funds transfer. Refunds for boletos are not connected to the original payment, and are done manually by issuing a check or bank wire to the customer.

- Use a domestic acquirer in order to accept most Brazilian issued credit cards.
- Regular credit card payments fund in 31 days after settlement OR you can pay higher discount fee and get funding within 3 days.
- Up to 12 installment payments are available for Visa, MasterCard, American Express; up to 14 installments for Hipercard. You are paid 31 days after installment due date.

1. http://www.webshoppers.com.br/webshoppers/WebShoppers_22st.pdf
 2. Visa/AmericaEconomia, June 2010
 3. http://www.webshoppers.com.br/webshoppers/WebShoppers_22st.pdf
 4. Cetic.br, Survey on the use of information and communication technologies in Brazil 2009
 5. Comscore, Brazil Market Share by Share of Transactions, Q2/10 to Q1/11

Online Payments in CANADA



Currency:

Canadian Dollar

Repatriation:

Not difficult

Number of Online Shoppers:

~ 10 million online shoppers in 2010¹

eCommerce Sales Volume:

C\$ 8.5 billion in 2010²

Average Annual Sales per Online Shopper:

C\$1,651 (~\$1,501 USD) in 2010³

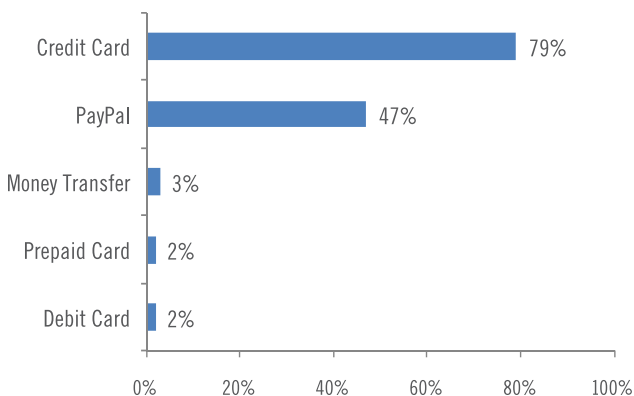
eCommerce Growth Rate:

9.4% in 2010⁴

Top eCommerce Categories⁵:

- | | |
|---|---------------------------|
| 1. Travel | 6. Consumer Electronics |
| 2. Books, Magazines & Online Newspapers | 7. Computer Software |
| 3. Event Tickets | 8. Flowers – Gifts |
| 4. Clothing, Jewelry & Accessories | 9. Toys & Games |
| 5. Music | 10. Videocassettes & DVDs |

Online Payment Preference⁶



Until 11/08, Canadian law prohibited banks from offering merchant accounts for both MasterCard and Visa. Banks are now able to offer a single merchant account that covers both brands.

According to the Nielsen Company⁷, Canadians primarily used credit cards to pay for online purchases (79%), followed by PayPal (47%). PayPal claims that Canadians make over 1,200 cross-border transactions per hour, and that they purchase \$2B CAD online annually⁸. Nearly all online retail purchases are paid with credit cards, due to some limitations with debit card functionality in Canada (primarily used as ATM cards, where consumers input PIN). Interac is the incumbent debit network in Canada. However, Visa and MasterCard debit cards have recently entered the Canadian market, which may change the payments landscape.

As there are 69.7 million Visa and MasterCard cards in circulation as of October 2009⁹, we believe that nearly 100% of the addressable market would be able to purchase online. Across all channels, 55% of consumer payments are on cards; of card payments, 40% are Visa-branded, 35% are Interac (debit card brand; only used at retail POS using PIN), 20% are MasterCard, and 5% are American Express¹⁰.

1. eMarketer, Canada B2C eCommerce: A Work in Progress, 12/22/2008
 2. ibid
 3. ibid
 4. ibid
 5. ibid
 6. Nielsen Canada, "Online Shopping", 11/2008
 7. ibid
 8. <http://www.newswire.ca/en/releases/archive/July2009/31/c2012.html>
 9. Canadian Bankers Association, "Credit Card Statistics", 02/2010
 10. Canadian Tire Financial Services, 05/14/2008

Online Payments in CHINA

Currency:

Chinese Yuan (Renminbi)

Repatriation:

Very difficult

Number of Online Shoppers:

180 million online shoppers in 2011¹

eCommerce Sales Volume:

651.1 billion RMB (~ \$95.2 billion USD) in 2011²

Average Annual Sales per Online Shopper:

4,340 RMB (~\$635 USD) in 2011

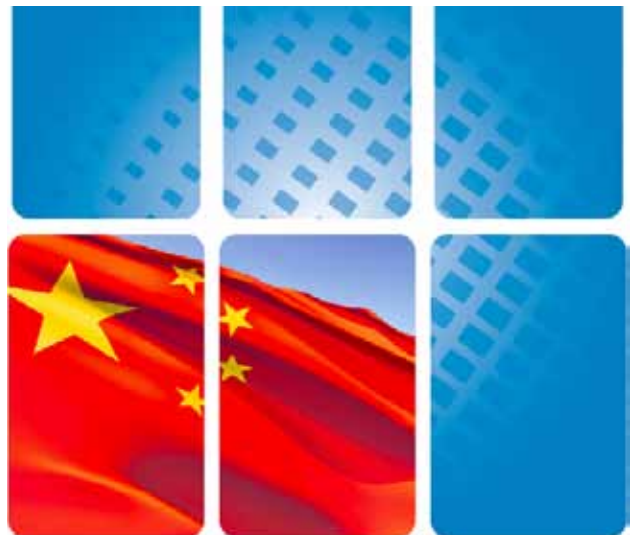
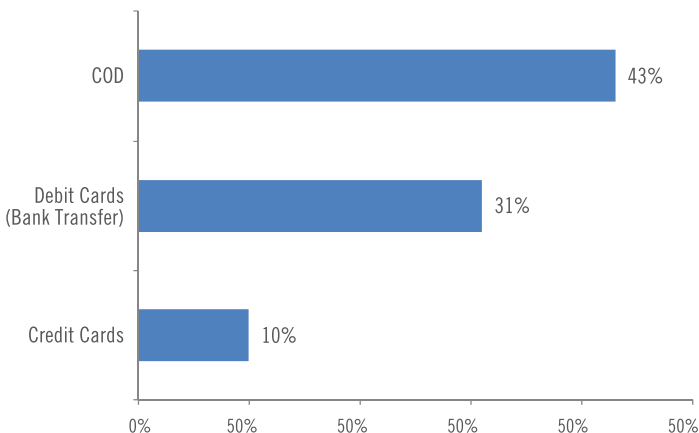
eCommerce Growth Rate:

75% growth in 2011³

Top eCommerce Categories⁴:

- | | |
|--------------------|---|
| 1. Books and Art | 6. Event Ticketing |
| 2. Music Downloads | 7. Travel Agents |
| 3. Airlines | 8. Clothing & Accessories |
| 4. Books/CDs/DVDs | 9. Home Appliance & Electronic Products |
| 5. Hotels | 10. Cinema |

Online Payment Preference



eCommerce customers predominately use COD or Chinese debit cards (which are used like online bank transfers). Credit cards are not widely available but growing rapidly.

Certain Chinese debit accounts have daily spending limits, sometimes as low as 300 RMB (~\$44). Savvy eCommerce merchants, particularly those with foreign registry, do not offer COD. Since Chinese customers prefer to inspect goods prior to purchase, some merchants have had about 30% of their merchandise returned without payment, in many cases damaged or spoiled. Also, merchants must bond the COD courier. Rather than offer COD, these merchants offer liberal return policies instead.

Each bank issues its own debit cards, so you would need to connect to each of the 20+ local banks for maximum market coverage. Or, you can form an acquiring relationship with payment intermediaries that have relationships with all of the major Chinese banks, enabling you to provide online bank transfers to your customers while offering consolidated funding reports to you.

You should be domiciled in China and have Internet Content Provider and business licenses; the payment intermediaries can help you transact in their country. Merchants can repatriate, however, transfer amount(s) are limited to a certain amount per month. We recommend that you consult with legal experts on doing business in China, as regulations and laws regarding eCommerce in China are evolving.

1. eConsultancy.com, Ltd., "Internet Statistics Compendium, Asia Pacific" March 2011
 2. eMarketer, January 2011
 3. ibid
 4. eMarketer, Percent of Products/Services Purchased Online by Online Buyers in China, by Category, November 2009

Online Payments in DENMARK

Currency:

Danish Kroner

Repatriation:

Not difficult

Number of Online Shoppers:

~3 million¹

eCommerce Sales Volume:

€4.1 billion (US\$5.7 billion) in 2010²

Average Annual Sales per Online Shopper:

€1,367 (~US\$1,300) in 2010

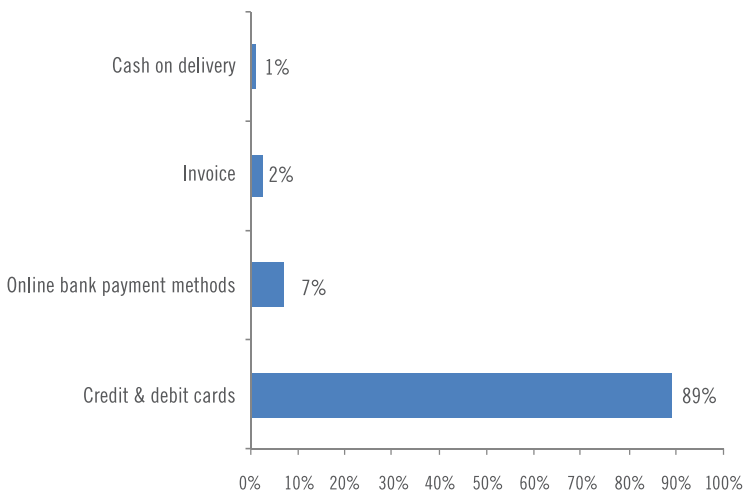
eCommerce Growth Rate:

30% CAGR 2006-2011³

Top eCommerce Categories⁴:

- | | |
|--|--------------------------------------|
| 1. Theater & concert tickets | 7. Software (except games) |
| 2. Travel & tourism | 8. New internet/telecom subscription |
| 3. Clothes, sports & leisure equipment | 9. Furniture & household goods |
| 4. Music, movies | 10. Video, computer games |
| 5. Books, newspapers | |
| 6. Electronics | |

Online Payment Preference⁵



Credit and debit cards are used for the vast majority of online payments in Denmark. Most of these are via the Danish national debit card Dankort that can be used offline, at points of sale, as well as online⁶.

In Q1 2009, online transactions made by Danish online buyers with their credit cards reached almost 10.49 million for the second quarter in a row. In the previous quarter, the number of Internet transactions via credit cards reached 10.40 million, while on a year-on-year basis, the number of such transactions for Q1 rose by 11.5%⁷.

Nordic consumers decide on the online payment method according to ease of use, security and price. Thus, credit and debit cards rank highest in terms of their preferences, as a whole, followed by online bank transfers and invoices⁸.

In spite of differences in terms of consumer habits and shopping patterns in the Nordic region, the distance selling market is showing sustained growth because of the popularity of online commerce, the wide range of products and services enabled by the Internet and significant customer demand⁹.

1. Eurostat Yearbook 2009: Figure on Percentage of Population who Ordered Goods or Services over the Internet in the Last 12 Months
 2. eMarketer, Scandinavia Online, September 2008
 3. ibid
 4. eMarketer, Products and Services Purchased Online by Online Buyers in Denmark, April 2010'
 5. Innopay, "Online Payments 2010"
 6. ibid
 7. ibid
 8. ibid
 9. ibid

Online Payments in FINLAND



Currency:

Euro

Repatriation:

Not difficult

Number of Online Shoppers:

~2.5 million¹

eCommerce Sales Volume:

€3.4 billion (US\$4.8 billion) in 2010²

Average Annual Sales per Online Shopper:

€1,360 (~US\$1,920) in 2010

eCommerce Growth Rate:

17% CAGR 2006-2011³

Top eCommerce Categories⁴:

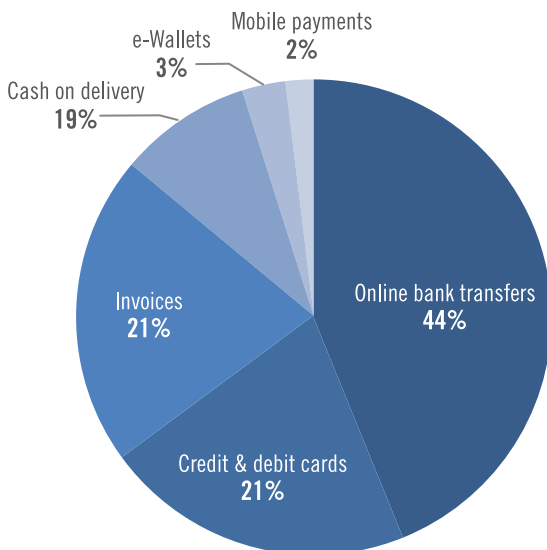
- | | |
|--|--|
| 1. Tickets for theater, concert, movies, etc | 6. Books, magazines, e-learning material |
| 2. Hotel services | 7. Hobby products |
| 3. Other tourism-related services | 8. Photography-related products & services |
| 4. Clothing and shoes | 9. Consumer electronics & home appliances |
| 5. Gambling | 10. Music |

In Finland, online bank transfers are frequently used to pay online. The services are offered by individual banks such as Nordea, Sampo, OKO and Aktia. This is followed by cards, invoices, cash on delivery, e-wallets and mobile payments⁵.

Nordic consumers decide on the online payment method according to ease of use, security and price. Thus, credit and debit cards rank highest in terms of their preferences, as a whole, followed by online bank transfers and invoices⁷.

In spite of differences in terms of consumer habits and shopping patterns in the Nordic region, the distance selling market is showing sustained growth because of the popularity of online commerce, the wide range of products and services enabled by the Internet and significant customer demand⁸.

Online Payment Preference⁶



1. Eurostat Yearbook 2009: Figure on Percentage of Population who Ordered Goods or Services over the Internet in the Last 12 Months
2. eMarketer, Scandinavia Online, September 2008
3. ibid
4. eMarketer, 'Products/Services Purchased Online by Internet Users in Finland, by Gender, 2010'. Average taken
5. Innopay, "Online Payments 2010"
6. ibid
7. ibid
8. ibid

Online Payments in FRANCE

Currency:

Euro

Repatriation:

Not difficult

Number of Online Shoppers:

~ 22 million online shoppers in 2010¹

eCommerce Sales Volume:

€16.9 billion (~\$21.4B USD) in 2010²

Average Annual Sales per Online Shopper:

€ 768 (\$972) in 2010

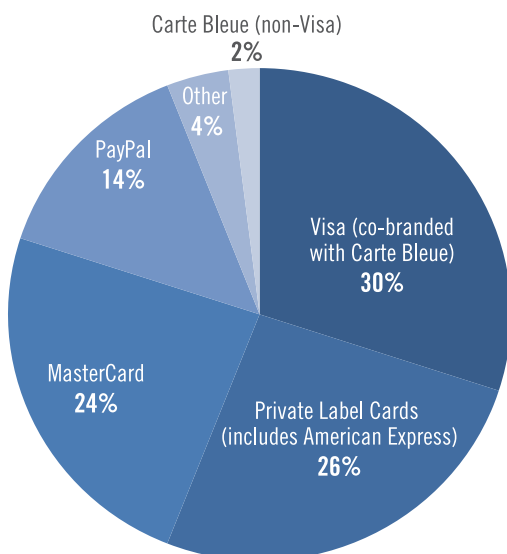
eCommerce Growth Rate:

9% growth in 2010³

Top eCommerce Categories⁴:

- | | |
|---------------------|---------------------|
| 1. Equipment | 6. Footwear |
| 2. Leisure | 7. Jewelry |
| 3. House products | 8. Food/Drinks |
| 4. Books, CDs, DVDs | 9. Garden equipment |
| 5. Hygiene | 10. Fabric |

Online Payment Preference⁵



The French have traditionally preferred to pay by check, but for online purchases, they use bank cards (including Carte Bleue), as well as private cards or store cards and checks. Domicile is not required for credit cards, but if you offer Carte Bleue, you will need to either establish a French entity or use a payment service provider.

There is a six-day authorization lifetime — the transaction must settle within six days of the authorization, or it can no longer be settled. We recommend that you settle no later than the 5th day to be conservative, OR authorize and settle in one call. However, if attempting the latter, please note that you are still subject to rules put forth by acquirer and card association. All authorization requests MUST include the CVN value.

The majority of payment methods in France are card-based. As there were 57.4 million cards in 2008⁶, we believe that nearly 100% of the addressable market would be able to pay online using a credit or debit card. Also, there are over 8 million PayPal accounts in France⁷, which would encompass over 35% of the addressable market.

1. <http://www.journaldunet.com/ebusiness/commerce/en-chiffres/le-eCommerce-et-la-crise/le-eCommerce-un-outil-de-sortie-de-crise.shtml>
2. eMarketer Retail E-Commerce in Western Europe 05 10
3. ibid
4. Indicateurs Statistiques Decembre 2009
5. Groupes des Cartes Bancaires (CB); Results assume that card brand market share online is similar to overall card brand market share
6. Groupes des Cartes Bancaires (CB)
7. <https://www.paypal-press.fr/Content/Detail.asp?ReleaseID=11&NewsAreaID=22&SearchCategoryID=-1>

Online Payments in GERMANY

Currency:

Euro

Repatriation:

Not difficult

Number of Online Shoppers:

~ 32.5 million online shoppers in 2009¹

eCommerce Sales Volume:

€21.7 billion (\$27.6 billion USD) in 2009²

Average Annual Sales per Online Shopper:

€668 (~\$825 USD) in 2009

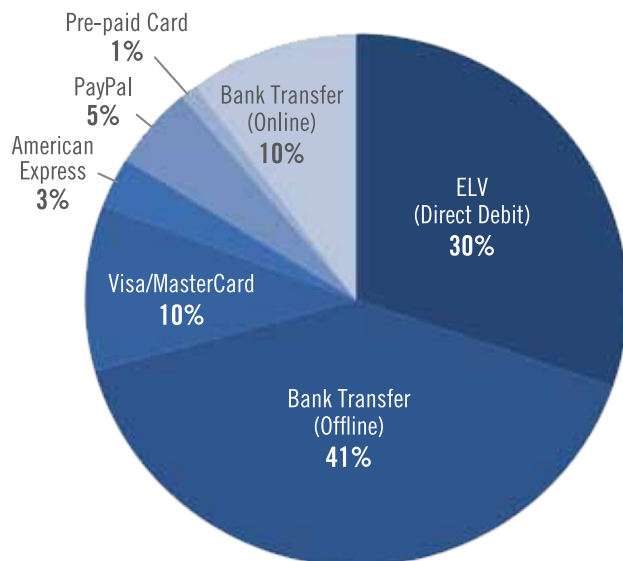
eCommerce Growth Rate:

13% growth in 2009³

Top eCommerce Categories⁴:

- | | |
|----------------------------|------------------------------------|
| 1. Books | 6. Vacation & last minute travel |
| 2. Movie & Theater Tickets | 7. Toys |
| 3. Music CDs | 8. Men's Clothing |
| 4. Travel Accommodations | 9. Computer Hardware & Accessories |
| 5. Women's Clothing | 10. Movies & DVDs |

Online Payment Preference⁵



In Germany, debit and cash-based transactions dominate the payments landscape, with debit cards outnumbering credit cards by nearly 5:1⁶. Debit cards are primarily issued by savings banks, which run payments over the electronic cash network, and NOT the card association networks. Therefore we believe that there is a sizeable opportunity in offering non-credit card payment methods in Germany.

Germany has nearly 91 million deposit accounts, of which 35.3 million are Internet accounts⁷. This is significant, as Germans have a strong tradition of paying by bank transfer or direct debit. Offering bank transfer and direct debit payment methods enables a greater percentage of the addressable market to pay online.

PayPal reports that there are over 10 million PayPal accounts in Germany⁸, about 1/3 of the addressable market. In addition, giropay, introduced in 2006, is essentially the online bank transfer mechanism for PostBank and 90% of German savings and cooperative banks. This enables nearly 17 million online bank account holders to pay for goods online, encompassing nearly 55% of the addressable market.

With credit cards, there is a seven-day authorization lifetime — the transaction must settle within seven days of the authorization, or it can no longer be settled. We recommend that you settle NO LATER than the 6th day to be conservative, OR authorize and settle in one call. However, if attempting the latter, please note that you are subject to rules put forth by acquirer and card association.

1. Bundesverband des Deutschen Versandhandels (bvh), "Versand und Online-Handel in Deutschland 2009 (B2C)"
2. ibid
3. eMarketer, "Retail E-Commerce in Western_Europe_05 10", 05/17/2010
4. ibid
5. [http://www.imrg.org/80257418006E81C9/\(httpInfoFiles\)/FEBD7EBF126472628025759F005813C3/\\$file/GlobalCollect_International_210409.pdf](http://www.imrg.org/80257418006E81C9/(httpInfoFiles)/FEBD7EBF126472628025759F005813C3/$file/GlobalCollect_International_210409.pdf)
6. European Payments Card Yearbook, 2008 – 2009
7. ibid
8. <https://www.thepaypalblog.com/2009/03/over-10-million-german-paypal-accounts/>

Online Payments in JAPAN

Currency:

Yen

Repatriation:

Not difficult

Number of Online Shoppers:

~ 93 million online shoppers in 2010¹

eCommerce Sales Volume:

¥4.9 trillion (\$61.5 billion USD)²

Average Annual Sales per Online Shopper:

¥52,872 (\$659 USD) in 2010

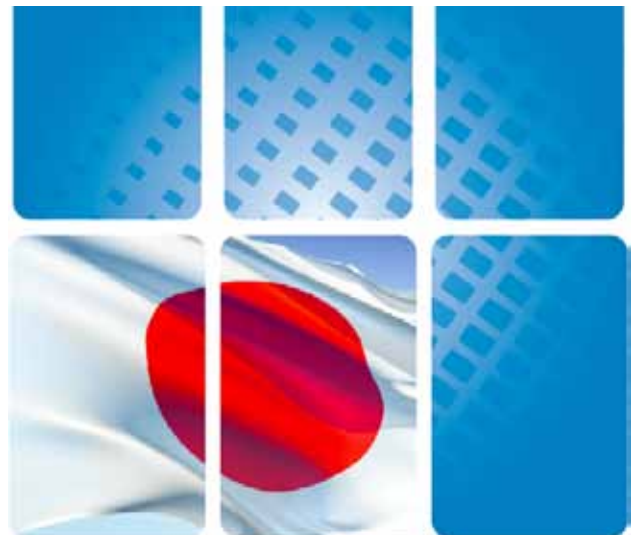
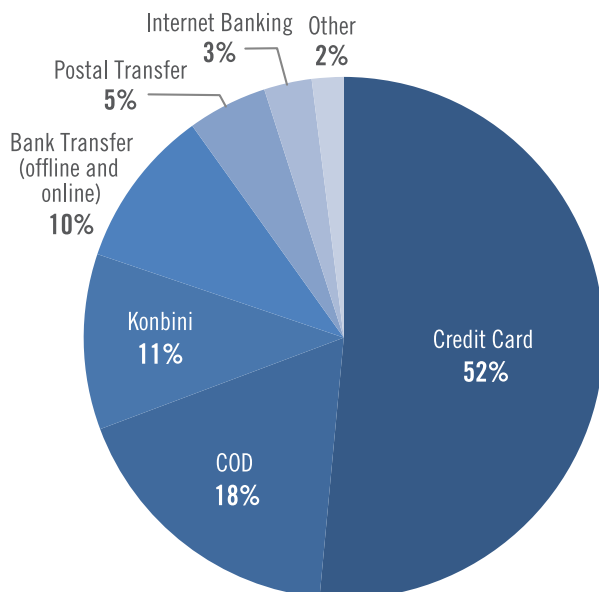
eCommerce Growth Rate:

13.5% growth in 2010³

Top eCommerce Categories⁴:

- | | |
|---------------------------------------|---|
| 1. Airlines | 6. Event Tickets |
| 2. Online Gaming/ Virtual World Sites | 7. Books/CDs/DVDs |
| 3. Hotel | 8. Clothing & Accessories |
| 4. Music Downloads | 9. Home Appliance & Electronic Products |
| 5. Travel Agents | 10. Cinema |

Online Payment Preference⁵



Although the Japanese have traditionally preferred to pay with cash, they use credit cards, COD, and bank transfers for online purchases⁶. EDY, a stored value instrument, is also popular. With bank transfers, settlement occurs within 1-4 business days, but funding can take up to 30 days.

In Japan, credit card companies serve as both issuers AND acquirers; credit card companies are NOT banks. Typically, a Japanese merchant enters into a merchant account agreement with EACH credit card brand. So, to accept Visa, MasterCard, American Express/JCB and Diners, you would enter into separate merchant account agreements, unless you use a payment service provider.

Card-based payments occupy the highest market share in Japan. Because of the high penetration of cards in Japan (6.2 cards per capita)⁶, we believe that nearly 100% of the addressable market would be able to pay online using a credit or debit card.

JCB claims to have the highest market share in Japan, with 56 million JCB cards in circulation⁷. JCB cards are also co-branded with MasterCard and Visa. Saison Card, with 27.6 million cardholders⁸, claims to be the third-largest credit card issuer behind JCB and Visa Japan. Saison also co-brands with Visa, American Express, JCB and MasterCard.

1. eMarketer, Internet Users & Penetration in Japan (02/11/2010), Online Buyers in Select Countries in Asia-Pacific, March 2009 (% of respondents)
2. Collins Stewart LLC, "Internet & Software: 2010 Internet Outlook, provided to eMarketer, January 11, 2010
3. ibid
4. eMarketer, Percent of Products/Services Purchased Online by Online Buyers in Japan, by Category, November 2009
5. Department of Planning and Financial Affairs Office, Financial Services Agency of Japan, September 2008; Small Payment Business in Japan, Nomura Research Institute, February 2009
6. Cards and Payments in Asia Pacific, VRL Knowledge Bank May, 2009
7. JCB corporate information
8. SaisonCard corporate information

Online Payments in MEXICO

Currency:

Peso

Repatriation:

Difficult

Number of Online Shoppers:

~22 million online shoppers in 2010¹

eCommerce Sales Volume:

\$2.6 Billion USD in 2009²

Average Annual Sales per Online Shopper:

\$141 USD in 2009³

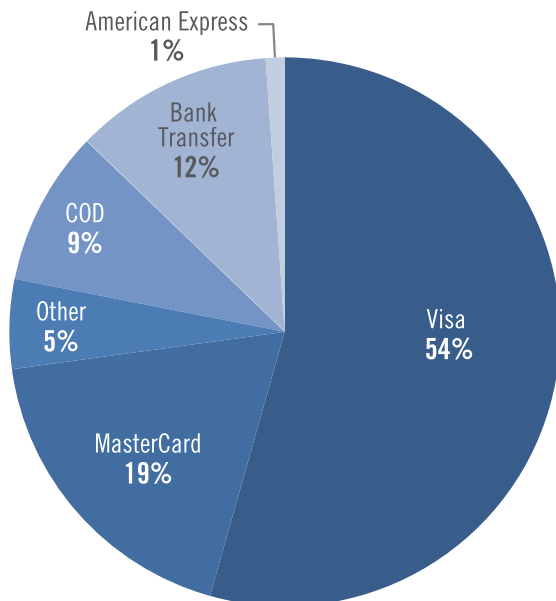
eCommerce Growth Rate:

31% growth in 2010⁴

Top eCommerce Categories⁵:

- | | |
|----------------------------|-------------------------------------|
| 1. Electronics | 6. Mobile Phones |
| 2. Computers & Accessories | 7. Clothing |
| 3. Airline Tickets | 8. Hotels |
| 4. Software | 9. Music/Movies (digital downloads) |
| 5. Event Tickets | 10. Books/Magazines (hard copies) |

Online Payment Preference⁵



Mexicans prefer to use bank cards, with a very high percentage consisting of POS-only cards requiring a PIN. One-third of e-commerce sales are international. We recommend having a local presence and a local banking relationship (for funds authorization and settlement) to accept customer payments, due to the strong prevalence of local bank cards. Mexico now requires CVN for all eCommerce transactions except those from merchants that initiate recurring transactions.

As there are 76.1 million cards in circulation⁷, we believe that nearly 100% of the addressable market would be able to pay online using a credit or debit card. Also, as overall payment transactions (across channels) in Mexico are still overwhelmingly cash or debit based, offline bank transfers are frequently used.

The percent of eCommerce transactions made using a specific payment method are as follows: 73% of online transactions are card-based*, 8% are COD, with another 8% being bank transfer.

* Estimated market share based on card brand market share in Latin America per the Nilson Report.

1. eMarketer Quick Stats, number of Internet users, % Online buyers
 2. AMIPCI, Estudio de Comercio Electrónico 2009
 3. eMarketer, Quick Stats, number of Internet users, % Online buyers
 4. AMIPCI, Estudio de Comercio Electrónico 2009
 5. ibid
 6. AMIPCI, Estudio de Comercio Electrónico 2009; Nilson Report, Issue 927, June 2009
 7. Nilson Report, Issue 927

Online Payments in NORWAY

Currency:

Norwegian Kroner

Repatriation:

Not difficult

Number of Online Shoppers:

~2.9 million¹

eCommerce Sales Volume:

€4.6 billion (US\$6.4 billion) in 2010²

Average Annual Sales per Online Shopper:

€1,586 (~US\$2,207) in 2010

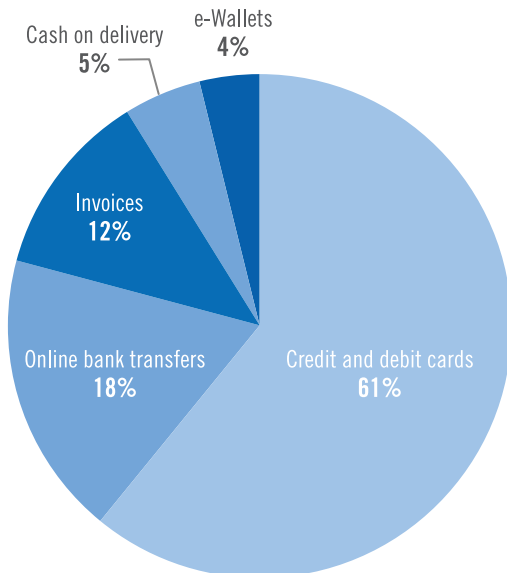
eCommerce Growth Rate:

21% CAGR 2006-2011³

Top eCommerce Categories⁴:

- | | |
|---------------------------------------|--|
| 1. Travel & holiday accommodation | 6. PC software |
| 2. Event tickets | 7. Household goods |
| 3. Clothes, sports goods | 8. Consumer electronics |
| 4. Books/magazines/learning materials | 9. PC hardware |
| 5. Films, music | 10. Purchase shares/financial services |

Online Payment Preference⁵



In Norway, cards are the most common way to pay online. Online bank transfers, such as through the multi-bank service BankAxxess, as well as invoices, are also used to pay online. Cash on delivery and e-wallets are much less popular⁶.

Nordic consumers decide on the online payment method according to ease of use, security and price. Thus, credit and debit cards rank highest in terms of their preferences, as a whole, followed by online bank transfers and invoices⁷.

In spite of differences in terms of consumer habits and shopping patterns in the Nordic region, the distance selling market is showing sustained growth because of the popularity of online commerce, the wide range of products and services enabled by the Internet and significant customer demand⁸.

1. Eurostat Yearbook 2009: Figure on Percentage of Population who Ordered Goods or Services over the Internet in the Last 12 Months
2. eMarketer, Scandinavia Online, September 2008
3. ibid
4. eMarketer, 'Products and Services Purchased Online by Internet Users in Norway, Q2, 2010'
5. Innopay, "Online Payments 2010"
6. ibid
7. ibid
8. ibid

Online Payments in SWEDEN

Currency:

Krona

Repatriation:

Not difficult

Number of Online Shoppers:

~4.8 million¹

eCommerce Sales Volume:

€7.7 billion (US\$10.8 billion) in 2010²

Average Annual Sales per Online Shopper:

€1,604 (~US\$2,248) in 2010

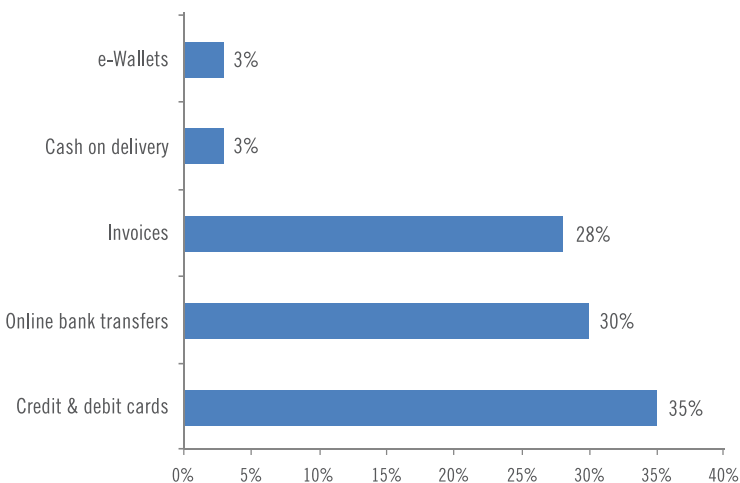
eCommerce Growth Rate:

26% CAGR 2006-2011³

Top eCommerce Categories⁴:

- | | |
|---|--|
| 1. Travel arrangements | 6. Films, music |
| 2. Clothes, sporting goods | 7. Telecom services |
| 3. Tickets for events | 8. Electronic equipment |
| 4. Books, magazines, newspapers, e-learning materials | 9. Computer hardware |
| 5. Holiday accommodation | 10. Shares, insurance policies, other financial services |

Online Payment Preference⁵



In Sweden, cards, online bank transfers and invoices have a roughly equal share, and together represent over 90% of the online payments market⁶.

Cards used in Sweden are the international card brands. Online bank payments are offered by individual banks such as Nordea, Handelsbanken, SEB and Sedbank⁷.

Nordic consumers decide on the online payment method according to ease of use, security and price. Thus, credit and debit cards rank highest in terms of their preferences, as a whole, followed by online bank transfers and invoices⁸.

In spite of differences in terms of consumer habits and shopping patterns in the Nordic region, the distance selling market is showing sustained growth because of the popularity of online commerce, the wide range of products and services enabled by the Internet and significant customer demand⁹.

1. Eurostat Yearbook 2009: 'Figure on Percentage of Population who Ordered Goods or Services over the Internet in the Last 12 Months'
 2. eMarketer, 'Scandinavia Online, September 2008'
 3. ibid
 4. eMarketer, 'Products/Services Purchased Online by Internet Users in Sweden, by Gender, 2010'. Average taken
 5. Innopay, "Online Payments 2010"
 6. ibid
 7. ibid
 8. ibid
 9. ibid

Online Payments in U.K.

Currency:

Pound Sterling

Repatriation:

Not difficult

Number of Online Shoppers:

~ 30 million online shoppers in 2010¹

eCommerce Sales Volume:

£ 42.7 billion (\$61.5 billion USD)²

Average Annual Sales per Online Shopper:

£ 1,545 (~\$2,226 USD) in 2009³

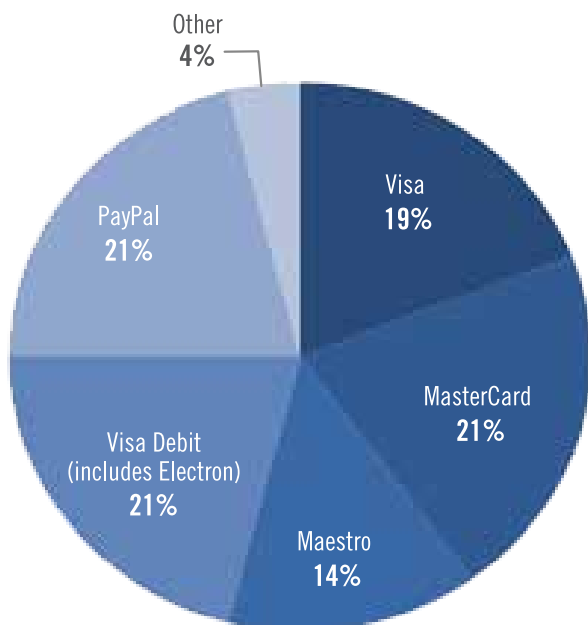
eCommerce Growth Rate:

3% growth in 2010⁴

Top eCommerce Categories⁵:

- | | |
|--|--------------------------------|
| 1. Travel | 6. Furniture and Homewares |
| 2. Financial Services | 7. Clothing |
| 3. Major Purchases (e.g., White Goods, Cars) | 8. General Entertainment |
| 4. Grocery, Food and Drink | 9. Small Electrical Appliances |
| 5. Technology | |

Online Payment Preference⁶



The majority of payment methods in the UK are card-based. Because of the high penetration of cards used in the UK (2.4 cards per capita)⁷, we believe that nearly 100% of the addressable market would be able to pay using a credit or debit card. Furthermore, there are 23 million PayPal accounts in the UK⁸, which would cover approximately 75% of the addressable market.

Domicile is not required for credit cards, but to accept local debit cards you will need to establish a European entity or go through a payment service provider that can provide the local banking relationship.

The UK has many of the same fraud tools that are available in the United States, however, public records availability is more limited. Card verification tools, such as AVS, CVV, and payer authentication are all used. MasterCard has mandated that all merchants must support SecureCode for Maestro transactions.

The percent of eCommerce transactions made using a specific payment method are as follows; 76% of online purchases are card-based, with the remainder being PayPal and other payment methods.

1. eMarketer, citing March 2009 Forrester Research, "UK Online Retail And Travel Forecast, 2008 to 2014"
2. eMarketer, "Retail E-Commerce Sales in Select Countries in Europe, 2009 & 2010 (billions of £ and % change)", 02/01/2010
3. IMRG, United Kingdom e-Business Information Dashboard
4. IMRG Capgemini e-Retail Sales Index, 1/22/2010
5. eMarketer, "UK B2C e-Commerce: Continued Growth in Tricky Times", 09/12/2008
6. European Payment Cards Yearbook 2008 - 2009; Pago Retail Report 2008. Assumes card brand market share online is similar to overall card brand market share.
7. European Payment Cards Yearbook 2008 - 2009
8. <https://www.thepaypalblog.com/2009/06/paypal-uk-online-retail-report/>
9. European Payment Cards Yearbook 2008 - 2009; Pago Retail Report 2008

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