

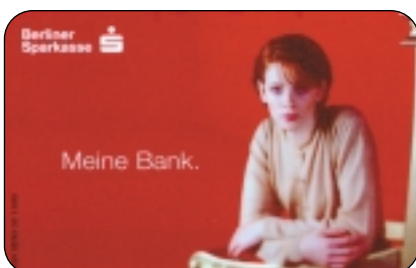
Finland to Launch 1st Smart Card-based Electronic ID

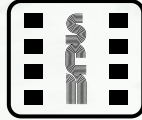
Finland is launching a Smart Card-based electronic identification programme which is the first of its kind in the world.

The first cards, known as EIDcards, will be issued in December of this year by the Finnish Population Register (VRK). The cards will allow holders to be positively identified over the Internet when exchanging data or using e-business applications.

VRK will act as the country's certification authority for the state sector, responsible for providing government certificate services, as well as creating and maintaining the infrastructure required for the programme's success.

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Mrs Lauttamus-Kauppi demonstrating first Smart Card-based Electronic ID in Finland

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Finland to Launch Electronic ID

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Ari Saapunki at VRK explained: "Finland has the highest rate of Internet users per capita anywhere in the world. We believe that the provision of e-commerce will simplify life for the public; applications, reports and notifications can be filed at any time of the day with public sector organisations and governmental departments from the home, workplace or special public service access points that will be installed around the country.

"The same infrastructure can also be used for developing electronic transactions in the private sector."

ICL has been contracted to build and operate a certification service which will be based on iD2 Technologies' Certificate Manager - software for the management of digital certificates - and will work with Helsinki Telephone Corporation, appointed to manage the directory systems.

"Identity is critical to growing mass confidence on the Internet," said Bjorn Gustavsson, President of iD2 Technologies. "Businesses need to know that the person they are doing business with is who they say they are. Similarly, the public needs to be sure that they are dealing with reputable organisations."

He added that over time, they expected to see more private enterprises integrating their e-commerce applications with the Finnish national infrastructure.

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Slovenian Health Card

Gemplus is to supply two million Smart Cards and 5,500 card readers to the Slovenian Health Insurance Institute in a FF50 million contract for an advanced health and health insurance system.

The cards will initially be used for health insurance and, progressively, for medical applications.

Delivery of the cards and readers is over a nine-month period starting next month.

Marjan Suselj, Executive Director of the Slovenian Health Insurance Card Project, said they expected the new system to simplify administrative procedures as well as provide health care professionals with a new tool to access networked information technology resources. He added that the system cost-benefit analyses indicated significant economic benefits which would impact on the containment of costs of the health care service.

Patrick de Masfrand, Gemplus Health Marketing Manager for Europe, said: "We expect the majority of health organisations in the rest of Europe, Asia and the Americas to adopt Smart Card-based technology over the next few years."

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Cardiff Bus Contactless Card Plan

Cardiff Bus, in Wales, UK, is to equip its fleet of 245 buses with ERG Transit Systems' TP4000 ticketing system.

Initially the ticket machines will issue paper tickets but are Smart Card ready and Cardiff Bus plans to use contactless Smart Card technology for some of their ticketing products in the near future.

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ACS Launches CyberMouse

Hong Kong-based Advanced Card Systems has launched CyberMouse, a universal Smart Card reader. The reader is compliant with the latest PC/SC specifications and has been approved by the Microsoft Windows Hardware Quality Labs.

ACS says it offers a security solution for on-line transactions and innovative applications such as delivering activity data from gambling slot machines to a control monitoring system.

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Belgium National Internet Service

Belgacom, the communications and multimedia Internet Service Provider, is launching Carte Jeunes which will provide Internet services plus personal Smart Cards for youths in Belgium. The Smart Cards will be supplied by Giesecke & Devrient, of Germany.

ISOCOR, an Internet messaging and directory software developer headquartered in California, USA, will supply its N-PLEX Messaging Server, Global Directory Server and Web Express products to form the infrastructure which will enable young people in Belgium to form an on-line community.

“The challenge facing Belgacom is to place ourselves ahead of the wave that is resulting from the convergence of the Internet, communications media, and all forms of media content,” said Jean-Yves Merts, Smart Card Business Development Manager, Belgacom.

Paul Gigg, President and CEO, ISOCOR, commented: “Catching the Internet wave today will ensure that the Belgian workers, leaders and decision-makers of tomorrow will be more competitive in an Internet-enabled world.”

The Carte Jeunes will provide members with:

- A Smart Card with a personal ID number that can be used when name or age needs to be established
- A user account for browsing the Internet and sending and receiving e-mail
- Directory services allowing users to look up e-mail and other contact details of fellow users.
- The same user account will allow members to add or modify details such as their mobile telephone numbers in the directory.
- Personal Web pages.
- A re-loadable prepaid Calling Card account linked to the member's personal ID number.

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AccessGear for Remote Access

NDS, which provides encryption technology for TV broadcasters, and Gradient, which supplies security services for network computing, have announced they are co-operating on providing a secure end-to-end solution for remote access to protected resources over the Internet. The system is targeted at customers with high-risk applications, for example, in the government, financial, and hi-tech sectors. Gradient's NetCrusader line of security solutions for network computing is being integrated with NDS Smart Card authentication and encryption technology.

“We believe that the coupling of advanced access control software from Gradient with the Smart Card technology of NDS will be a winning combination,” said Len Halio, President and CEO of Gradient Technologies.

“NDS has many years of experience making secure Smart Cards in the high-risk broadcast TV industry,” said Dr Abe Peled, NDS' CEO. “We are bringing this expertise into the area of secure access systems over the Internet.”

The integrated solution is available now and further information can be found at:

📧 info@securegear.com

Gradient Technologies, Inc. is a provider of security services for network computing and is based in Marlborough, Mass., USA. NDS, headquartered in the UK with offices worldwide, is a subsidiary of News Corporation.

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Lebanon Card Order for De La Rue

De La Rue Card Systems is supplying Visa branded Smart debit/credit cards to a consortium of banks in the Lebanon which plans to introduce them when trials are completed early next year.

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Mondex Launch in Venezuela

Five financial institutions - Banco Mercantil CASA (Banco Universal), Banco Union CA, Consorcio Credicard CA, Banesco Banco Universal SACA, and InterBank CA - have purchased the franchise rights for Mondex electronic cash in Venezuela.

The agreement is the 10th Mondex franchise sold in Latin America, adding another 22 million potential cardholders to the 70 million in the region who are eligible to receive the cards.

Mondex Venezuela is expected to introduce Mondex electronic cash later this year as part of a national launch. The franchisees plan to launch Mondex as one of several applications that will reside on the next generation of Smart Cards issued in Venezuela, using the MULTOS operating system. The consortium plans to work closely with a number of key industry partners including telecommunication companies, public transit operators and the government.

“Plans by the five financial institutions are now underway to aggressively expand the Smart Card sector throughout the nation,” said Arelys Perez Mendoza, General Manager of Mondex Venezuela. “Through the Mondex and MULTOS technologies, the Smart Card market will spread rapidly as businesses will be able to offer endless possibilities to consumers such as customer and merchant loyalty programmes, electronic cash transactions, electronic commerce and Internet banking.”

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NCS Card Beats ISO Standards

Nanopierce Technologies says that independent tests conducted by Meinen Ziegel & Co., Munich, Germany, have established that the Nanopierce Connection System (NCS) exceeds all applicable ISO standards for Smart Cards.

The tests were conducted to determine the performance and reliability of the chip module to antenna connection, using chip modules treated with NCS for a dual-interface Smart Card application.

Although ISO has not yet established a standard specifically for dual-interface Smart Cards, the industry has adopted the existing specifications as the de facto dual-interface standard.

ISO standards require Smart Cards to withstand a minimum of 1,000 flexes to simulate typical handling. The independent tests performed by Meinen Ziegel revealed Nanopierce's NCS survived more than 8,000 cycles, exceeding the ISO standard by a factor of eight.

In other words, conventional Smart Cards fail the flex testing when the plastic card body fails, while dual-interface cards tend to suffer an electrical failure at the module-to-antenna connection. NCS has solved this problem.

Nanopierce applied its NCS technology to chip modules supplied by Multitape, GmbH & Co. KG for use in connection with the testing.

Paul Metzinger, President and CEO, said: “These tests conclusively establish the superiority of the NCS technology over the competition in terms of cost, performance and reliability of the application. We have been able to show that NCS meets and exceeds the industry's requirements while the competition has insisted on a compromise.

“We remain firmly convinced that NCS technology will become the standard of the industry. Of even greater potential impact is the application of our technology to smart labels. Put simply, we have the connection solution.”

Metzinger added that the company would provide chip modules to ORGA Kartensysteme for further testing and application.

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Smart Card Payphones for Cyprus

Schlumberger has supplied Cyprus Telecommunications Authority with a fully integrated payphone solution comprising 2,100 Smart Card payphones and support systems.

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Smart Cards in Russia

by our Russian Correspondent

Zolotaya Korona half-year figures

Russian inter-bank Smart Card payment system Zolotaya Korona has released results for the first six months of 1999 showing that the total number of Golden Crown Smart Cards issued has reached 667,500 compared to 555,250 at the end of 1998.

Transactions exceeded 6.3 million (a 30 per cent increase compared to the second half of 1998), and transactions totalled 4.4 billion RUR (49 per cent up on the same period).

Zolotaya Korona currently has 144 member banks in 58 regions of Russia. Its acceptance network includes 6,200 merchants and 212 ATMs.

In order to expand its geographical coverage, Zolotaya Korona, together with its partner system developer Center of Financial Technologies, reached an agreement with the Polish company Elbank to market the system's technology in Poland.

The technology is currently used in two Smart Card projects in Poland: 5,000 ID Smart Cards were issued by Lucas Bank, and 2,000 payment Smart Cards by supermarket chain LeClerk.

Metcombank Cashless Salary Card

Last month, Russian bank Metcombank of Cherepovets, in the Vologda Region, launched a cashless salary project with some 10,000 MetaCard Smart Cards for employees of the Kostomouksha mining company.

Metcombank launched the first MetaCard Smart Cards in 1996. Most of its 60,000 cards are used at two large metallurgical plants in Cherepovets. Cards are accepted by 300 merchants in the Vologda region.

In addition, cardholders are able to obtain cash advances from 20 ATMs and at 70 cash advance locations. One of the peculiar features of Metcombank's project is that the bank receives some 60 per cent of revenues from POS transactions, not from ATMs.

At present, Metcombank's proprietary Smart Card programme is the second largest in Russia after SBERCARD of Savings Bank of RF. Russian systems integrator, IT Company supplies the system based on SmartCity technology developed by the US ICL Smart Card Group. Metcombank uses Gemplus PCOS Smart Cards, OMNI 395 POS-terminals with Pinpad SC540 from VeriFone, DECWB21 ATMs from Digital Equipment (Compaq) and ProCash430 ATMs from Siemens Nixdorf as well as Proinfo information kiosks.

Fuel Cards Popular with Russians

Russian LICard Company issued over 26,000 Smart Cards for use at petrol stations in various regions of the country. Currently, LICard cards are used at 270 stations. The company has also installed POS-terminals and established an agents network to distribute cards in 15 regions.

The LICard scheme was launched in November, 1996. By 2007, the company plans to issue 230,000 fuel cards.

LICard uses the modified version of SmartCity technology provided by Russian system integrator IT Company. Gemplus supplies PCOS Smart Cards and VeriFone the POS terminals.

Loyalty Cards in Siberia

In late spring, the Omsk branch of RF Savings Bank of Omsk launched a new pilot of SBERCARD Smart Cards with a loyalty application.

The loyalty system is based on Duet for Loyalty technology developed by Austrian company BGS Smartcard Systems AG, of Vienna, with specially upgraded software for POS-terminals.

The pilot is conducted in co-operation with one of the largest department stores in Omsk - Universam Oktyabrskiy.

SBERCARD cardholders receive loyalty points at participating merchants. In Universam Oktyabrskiy, the amount of points and discounts depends on the volume of purchases.

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For instance, when a cardholder makes a purchase worth 100 to 299 RUR, there is one loyalty point and one per cent discount on future purchases. Maximum points and discounts are given for the purchases worth over 27,500 RUR - 10 points and 10 per cent discount. The bank claims that during the first month of the pilot, the volume of transactions increased almost five times.

Cardholders can redeem loyalty points for discounts from several other merchants and companies in Omsk who are participating in the pilot - petrol stations (5% discounts), drugstores (10%), dentists (10%), insurance companies (10%), photo shops (10%), etc. One of the participants, petrol station chain Omsknefteproduct, reports that an average weekly transaction volume increased from 28.8 thousand RUR to 42.1 thousand RUR after the pilot launch.

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Litronic and Datacard Partnership

Litronic and Datacard Worldwide have formed a strategic partnership in which Datacard plans to use Litronic's ProFile Manager, a security management system as well as NetSign, Litronic's Smart Card browser-enabler, to offer their customers a more broad-based data security solution. When combined with Litronic technology, the Smart Cards will contain standard identification information as well as offer physical access to a building or room, and logical access functions such as logging onto an NT workstation or controlling access to intranets and extranets. It also provides encryption and digital signature capabilities.

Tom Schlick, Vice President of World Services Group, Datacard Worldwide, said: "We can now offer a multi-application ID card."

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French Relax Cryptography Rules

French Smart Card manufacturer Gemplus is planning to cash in on the French government's decision to relax export controls on French developed encryption technology and products.

Gemplus' Public Key cards and products, for example, came within the strict export controls of the government.

Sami Baghdadi, Vice President Electronic Business, said: "With this forward looking move by the French government, Gemplus customers worldwide will be able to take advantage of Gemplus Smart card-based products and solutions dedicated to intranet security and Internet services such as e-commerce, home banking and other on-line services."

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First 32k Java SIM application

Hong Kong mobile network operator SUNDAY, is to upgrade its 250,000-plus subscribers' phones to user-programmable multi-service terminals, using Simera 32K bytes Java-compatible SIMs (Subscriber Identity Modules) and an Aremis application management server from Schlumberger.

The system is the first in Asia to allow subscribers to download services over-the-air. SUNDAY's new service will roll out from Q3 1999.

"The mobile phone is not a limited tool anymore," said Jean-Claude Deturche, Smart Cards Marketing Director for Schlumberger Test & Transactions Asia. "To date, the relatively limited memory space on SIM cards has restricted the number of value-added services that users can deploy. SUNDAY's concept sweeps that away, allowing mobile users to download applets as and when they need them - such as e-ticketing for example."

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Mondex and the Future

SCN talks with Chris Potts, Deputy Chief Executive of Mondex International.

When Mondex electronic cash was pioneered, heads turned. Electronic money, according to Chris Potts, is very close to real money and needs to be regulated and managed in a similar fashion to cash.

“Currency is a crucial part of the way humans manage the global economy. So the essence of Mondex electronic cash is the concept of a currency franchise, created and managed within a framework that governments and regulators recognise and understand. This is basically the selling point of Mondex.”

It has not all been smooth sailing for Mondex. It has been clear for a long time that electronic cash on its own is not enough to sweep the world over. The answer to its survival was to look at multi-applications, for example, in the form of electronic cash combined with loyalty schemes, ID, mass transit, and driving. However, Potts points out that there are markets where electronic cash can play a very important role, one being payments over the Internet.

“There is no way that you can pay with cash over the Internet. Credit cards are not designed for low value payments. In any case, they are centrally accounted, which is useless for anyone who wants to keep a transaction private. There is also a transaction charge for £1 of around 35p, which makes the transaction far from economic. This is a market crying out for a private, cash-like electronic payment system.”

Many of the early electronic cash trials were single functionality pilots basically trying to copy cash, said Potts and admits that Mondex e-cash was probably ahead of its time.

“The trick,” Potts said, “is to go for niches like mass transit or electronic commerce where you have a dominant and unique role.”

“What we have learned in all of the pilots is that if you give people a reward by using Mondex then they will use it again. So we created a product called Interactive Loyalty running alongside Mondex on the MULTOS (Multi-application Operating System) chip.”

Users can buy Interactive Loyalty and put it on a MULTOS card, whether or not Mondex is there. It is configurable. According to Potts, Interactive Loyalty will be implemented ‘live’ soon, and by the end of this year, there will be three or four working sites.

But why is it that there is a perception that Mondex might have lost its shine? “MULTOS only physically came into existence in the third quarter of last year,” Potts explained. “Loyalty was completed at the end of last year. Although we had early versions of electronic cash for a long time, the version that runs on MULTOS has only been around since late last year as a market-ready product.

“It has just taken us longer than we thought to actually finish the products. It is not that we have failed, it is only now that we have the chance to realise their full potential.

“When the project started, the original perception was that electronic cash would take off and would be a fantastic success on its own. That was a reasonable perception at that time because if you look at the cost of cash and all its inadequacies, one could see the business case.

“In retrospect,” Potts said, “we always had the technology to build on the product but it is only now that the market is really ready for it.”

Industry future

Potts predicts that in the next 10 years, every mass transit system will re-equip and almost certainly move to some kind of card-based system.

“We have a demo card with Mondex, MULTOS and a contactless ticketing program,” he said. “There are many people very interested in that now.

“There is no question that the Smart Card industry is going to prosper because there are already hundreds of millions of Smart Cards around the world. The secure, high performance operating systems that Smart Cards offer is the platform that will make money and information safe.

Potts regarded Mondex International as “a bit like a surfer waiting to catch the wave”. “That wave,” he said, “is inevitable and we are ready to ride it.”

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Tripperpas for Holland

Motorola has been awarded a 14 million guilders (£4.1 million) contract to trial a contactless Smart Card automated fare collection system on buses in the city of Groningen in The Netherlands.

The Dutch Ministry of Transport, Public Works and Water Management is funding the project, called Tripperpas, as a result of a feasibility study conducted by Motorola on how a Smart Card AFC system should be implemented.

The study confirmed the need for a field trial as a preliminary step to eventually replacing the Strippenkaart paper ticketing system for all public transport within The Netherlands.

Both Motorola and bus operator ARRIVA Netherlands developed the Tripperpas concept as the basis for the field trial.

Passengers will simply wave their cards in front of a reader to board the bus - reducing long queues at bus stops and eliminating the need to search for change, making their commute more convenient and efficient. Additionally, passengers can now take advantage of the technology to receive the best price for the distance they travel.

Kees Arends, Managing Director, ARRIVA Netherlands said: "The flexibility of Tripperpas will allow integration with other forms of public transport, like train, taxi and disabled transport, and the innovative back office solution captures operational data that can be used to determine how to operate the transport system more efficiently."

The Tripperpas system will be supported by Motorola's systems integration and operational management services, ERG-provided bus terminals and ARRIVA bus depot computing equipment.

More than 10,000 M-Smart dual-interface Smart Cards are expected to be issued to customers of ARRIVA for a 24-month field trial to begin in the second half of next year.

As the Tripperpas solution uses a dual-interface, contact and contactless Smart Card, additional applications could be implemented during the field trial. For example, the Ministry expects to eventually allow the public to operate a 'Park and Ride' scheme, enabling them to pay for parking and a fare with the cards, encouraging people to use public transport more frequently and thus keep their vehicles out of the city centres.

The Ministry is also stimulating interest among retailers on the extended benefits of the transit Smart Cards such as supporting loyalty discount programs for cardholders.

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ORGA Releases CampusCard

ORGA has released ORGA CampusCard, a new on-campus cashless payment and ID system for universities and colleges.

CampusCard is based on the German GeldKarte electronic purse and Spacemanager software integrated with ORGA's HPS 1200 Smart Card personalisation system. The card features the holder's photograph, name and a re-writable thermochrome strip that indicates how long the card is valid. The card is already in use at two technical colleges in Germany - Keil and Berlin.

Henry Bruehl, of ORGA, said: "The response to these projects so far has been positive throughout. The combination of electronic purse/student ID card has proved its worth and will simplify administration at many universities in the future."

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PlantonIC Travel Card

De La Rue Card Systems says it has supplied over 100,000 of its PlatonIC contactless Smart Cards for transport schemes across Europe since the card's introduction last year. PlatonIC cards are based on MIFARE contactless technology.

The largest contract placed is by Nottinghamshire County Council in the UK for its bus travel card to replace around 70,000 paper permits.

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SecurDial for PC Security



ISL (Informer Systems Ltd) has introduced SecurDial, its new client authentication software for dial-up remote access using Smart Cards and biometric authentication employing a keyboard with built-in card reader and fingerprint scanner.

SecurDial is suitable for Windows 95, 98, and NT environments. A user can dial up centrally held resources, once their identity has been verified using a choice of Smart Card together with the fingerprint recognition using ISL's BioKey based on technology from Identicator Technology.

Managing Director, Derek McDermott, said: "With the advances in Smart Card and biometric technology, it is now even easier for staff to access on-line resources without having to remember complicated passwords or PINs."

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Card for Travel Industry

Precis Smart Card Systems Inc has announced an agreement with Entertainment Smart Systems Inc to implement a chip-based Smart Card system, called VentureCards, for the travel and tourism industry. The first cards will be for use at attractions in Orlando, Florida; Cancun, Mexico and Ixtapa, Mexico.

Tourists will be able to use the card to purchase a variety of activities such as snorkelling, fishing, parasailing, tours, entrance to theme parks and also use it at restaurants and stores for discounts on purchases.

Initially, the VentureCards will be available with

values of \$100 and \$250. An important feature of the system is that VentureCards can be used at all the travel locations in the programme, for example, a family going to Cancun for a summer holiday and Orlando later in the year for a business conference, can use the same card in both places.

The agreement calls for 200,000 VentureCards to be issued. Schlumberger Smart Cards will be used for the initial programme roll-out and will utilise PrecisCache, a stored value application developed by Precis Smart Card Systems. VeriFone Omni 1250 Smart Card terminals will be used at the various outlets.

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Sheffield 1st Card

Sheffield, UK-based 1st CARD and Mondex UK are working together to develop a multi-application Smart Card-based on the MULTOS (Multi-Application Operating System) and including Mondex electronic cash.

The card, called Sheffield 1st CARD, is already in use in the city with 23,000 students and staff at Sheffield Hallam University and some 40,000 members of the *Sheffield Star* Readers Club.

The new development will enable citizens to access retailer loyalty programmes, discounts and membership of a number of public and private sector leisure services, while next month the university students will have access to all of the city's library facilities in addition to using the card on-campus for identity and access control.

Tim Harris, Director of 1st CARD Group, said the card has been designed so that it is possible to add new functions as part of a rolling programme. In the near future this will best be achieved by placing these functions on to a multi-application Smart Card."

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Gemplus Supplies Unicard

Gemplus is supplying Smart Cards and services to Israel's Unicard, one of the largest university card schemes with some 120,000 cardholders.

Unicard is a multi-application Smart Card bearing a picture and acting as an ID card, a portable file and an electronic purse. After issue, the card is updated electronically and visually whenever necessary on site.

Students, faculty staff and guests use their Unicard as a combined identification and payment card within the campus. There are over 300 service locations, including libraries, faculty offices, examination rooms, laboratories, cafeterias and lobbies at which cardholders may access rooms, advise time and attendance, log into computer systems, or operate photocopy machines, laser printers, POS terminals and money loading devices. Unicard claims an average transaction rate of over 250 transactions per card per year.

Unicard operates the system in co-ordination with each campus local authority. It uses Be'eri Printers' personalisation, printing and data management technology; Caspit's software, Smart Cards from Gemplus of France and terminals from VeriFone of the US.

The system is operating in the Hebrew University of Jerusalem (1996), Bar-Ilan University in Ramat Gan and the Interdisciplinary Center in Hertzelia (1998) with Tel Aviv University and Ben-Gurion University in Beer Sheba joining the scheme in April of this year.

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Smart Payphones for Egypt

Schlumberger is to supply 9,000 Smart Card-based payphones and an initial batch of two million pre-paid Smart Cards to Egyptian network operator Menatel. The payphones include a graphical display which provides instructions in Arabic as well as in English, French, German and Italian.

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OTA for Spanish Savings Banks

Microelectronica, of Spain, is to use Europay International's Open Terminal Architecture (OTA) for the development of chip applications on terminals belonging to CECA, the Spanish savings banks.

Europay's OTA software provides a standard interface on terminals for any chip card application or product.

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ORGA toolbox for loyalty systems

ORGA has introduced LEO, a system for developing Smart Card-based loyalty schemes to store and process value units, points or other data on a closed system. The system includes 256 byte memory customer cards, point of sale terminals and the background system itself and enables development of customer-specific solutions which can make use of existing Smart Card readers and terminals.

The card allows up to eight electronic purse applications and security is provided via digital signatures which protect both access to the card and transactions.

ORGA believes that LEO will become more than a technology platform it will become a brand that will become familiar to businesses looking for the sort of customer focused solution offered by Smart Cards.



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Now it is Official!

Now it is official - consumers want a single card with multiple services and they are influenced in using the card by discounts and other incentives.

Most people knew that, especially after Visa and MasterCard found out the hard way with trials of stored value/electronic cash cards in New York.

The preferences of cardholders have now been officially confirmed by researchers at the University of Michigan who carried out a large-scale survey of people with actual experience of Smart Cards. They took a random sample of 105,000 users of Smart Cards at the University where the Mcard is the largest Smart Card deployment in North America.

Major findings included:

- Nearly 70% of cardholders preferred as many services as possible on one card as opposed to separate cards for separate services.
- Card incentives such as discounts or special offers were viewed as the most important factor when deciding whether or not to use the stored value feature.
- Acceptance of stored value in parking meters was considered to be the most valuable use for stored value. Other desired uses in descending order of popularity were to pay for copies in libraries, local telephone calls, long distance telephone calls and bus fares.
- Nearly 60% of students felt it would be valuable to utilise their ID card to make purchases in commercial establishments on campus and off campus.

Robert E Russell, Assistant Director of Financial Operations and Mcard Project Director at the University of Michigan, said: "Up until now we have only had anecdotal information regarding our Smart Card programme, so we are pleased to finally have some hard data.

"These results will help us as we finalise plans for a new release of the Mcard, which we expect to roll-out in May, 2000."

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UK Electronic Purse Forecast

The electronic purse in the UK is still at an early stage of development making forecasts for its use difficult, says APACS the Association for Payment Clearing Services, in its annual analysis of the payments market in the UK.

However, APACS says the most popular uses of the purse are likely to be in vending machines, telephones, parking and convenience store purchases where it substitutes for low-value cash, and particularly coin, transactions.

Electronic commerce could also influence electronic purse growth, as it is a natural product for making low-value micro-purchases over the Internet or through digital TV.

If electronic purses accounted for 4% of transactions in the core market sectors in 2008 there would be around 700 million purse payments. But there is a possibility that usage could expand more widely, if the issue of chip cards with purse functions leads to an increase in general acceptability. In this case, there could be as many as 1.9 billion purse payments by 2008.

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New Dubai Offices for ORGA

ORGA, which set up its Dubai, UAE, operation in 1997, has moved to larger premises in the Al Salam Tower on Sheikh Zayed Road. The new offices will enable ORGA to increase its sales and support teams covering the Middle East, North East Africa and the Indian sub-continent.

The company recently won an order for the Click GSM mobile phone network in Egypt and earlier in the year supplied the Indian state of Gujarat with the first Smart Card-based driving license with biometric fingerprint recognition.

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Multi-application Cards for France

Europe's first multi-application Smart Card project based on the Visa Open Platform and Java, is to be developed by De La Rue Card Systems.

The company was awarded the tender to develop the French debit-credit applications BO', following the announcement last year that a consortium consisting of Carte Bleue, Visa and seven French banks intended to develop multi-application Smart Cards. De La Rue says that this application, which operates with any card complying with the specifications of Visa Open Platform 2.0 and Java Card 2.1, including its own GalactIC card, will also be available with 32K bytes for the first time.

BO' is a payment application used by 30 million cards in France. The new applications from De La Rue will give cardholders access to new value-added services such as electronic purse, loyalty programs and enhanced security for e-commerce.

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Egyptian Order for ORGA

ORGA Card Systems has won a new contract to supply Click GSM with 50,000 Smart Card SIMs (Subscriber Identity Modules) for its expanding GSM mobile communications network in Egypt.

Click GSM is a private company backed by AirTouch and Vodafone. Since its launch in late 1998, it has passed the 100,000 subscriber mark.

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Industry Briefs

Ruhlmat international trading GmbH, manufacturers of Smart Card manufacturing equipment, has completed an expansion of their Marksuhl facility in Germany bringing it to over 225,000 square feet.

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Cherry has launched a keyboard combining an integrated Smart Card reader and a fingerprint

sensor. Called the Model 12000, it was developed with Indicator Technology and uses its Biologon 2.0 security software to provide a secure personal authentication system for networks and workstations.

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The International Air Transport Association, is talking with governments on a project called Simplified Passenger Travel using a Smart Card to store passport details and all other travel documents, eliminating the need to carry paper documents through customs and immigration control, says William Gaillard, IATA's Director of Corporate Communications.

GTE CyberTrust, which provides security services for extranets and e-commerce, has changed its name to CyberTrust, a GTE Company.

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De La Rue Card Systems has announced record orders for its MULTOS multi-application Smart Cards which so far this year have exceeded the 500,000 mark. The company says it expects the volume of orders to increase threefold by the end of the year.

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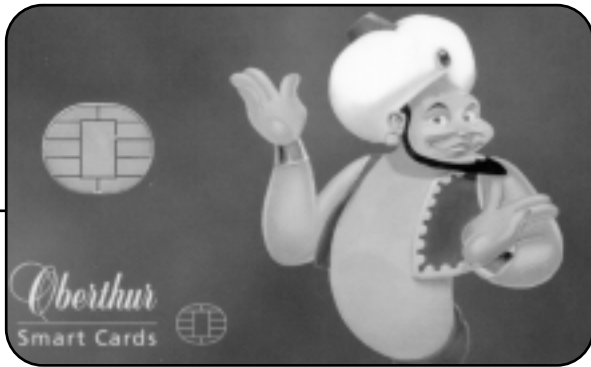
UK transaction terminals manufacturer Ingenico Fortronic has announced that its Eclipse TT41 terminal is the first to be awarded Level 2 approval by Visa to EMV (Europay, MasterCard and Visa) 3.1.1 standards. The terminal was nominated for testing at Visa by Barclays which recently placed an order for 6,000 as part of a strategy to issue Smart Cards to all its customers by 2002.

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Redwood City, California-based @Home Corporation, specialists in high-speed Internet connections, has joined The Smart Card Forum, the multi-industry organisation working to accelerate the widespread acceptance and application of Smart Card technology.

Oberthur and De La Rue: a Marriage of Reason?



Will they, won't they?

What an exciting and unusual summer we have just had! Usually quiet and deserted, this summer will be remembered in the industry for the long and hectic race that Smart Card manufacturers ran to win De La Rue. In this test of endurance, François Charles Oberthur appears to have a headstart, and is the favorite to cross the finishing line.

Oberthur is reported to have made the highest bid, leaving other contenders (Gemplus and Bull) lagging behind. Oberthur's tenacity echoes the aggressive strategy the French judiciary printer has adopted since 1996.

Oberthur's involvement in Smart Card technology goes back to 1987 when the security printer extended its operations to Smart Cards. It has since based its development on these products. Three years later, it joined forces with Bull CP8 to create a joint subsidiary called CP8 Oberthur. In 1996 the division accelerated the expansion of its operations in the field of microprocessor cards with the acquisition of the USA card manufacturer Kirk Plastic and the Card Operating System division of Syseca, a Thomson CSF subsidiary. This acquisition enabled Oberthur to develop its own products offering, patents and expertise based on the HOST operating system allowing rapid customized chip applications.

Oberthur's card range includes banking cards (debit/credit and electronic cash cards), identity, health, phone-cards and SIM cards for GSM, pay-per-view television and access control.

Traditionally a discrete player, Oberthur has recently shown its intention to be more in the spotlight, an easier move to take now that the group is not in Bull's shadow. In 1997 Oberthur and Bull restructured their 7 year-old business arrangement. François Charles Oberthur now has 100% ownership of its Smart Card manufacturing operations, where previously,

Bull was a minority owner of two subsidiaries. Oberthur wants to be more commercially independent and no longer wants to model its business plan according to Bull's global commercial strategy. It also appears that the two groups have disagreed on strategic planning: Oberthur previously suggested investing in the GSM market segment, a proposition rejected by Bull. However the groups maintain an "industrial partnership", a euphemism for the manufacture of cards for Bull. They also cooperate on the European Research Project MASSC (MEDEA) and finally Oberthur has licensee agreements with Bull to access a number of masks.

Oberthur has a grounded attitude towards the market's potentials. Its estimates are cautious whilst its opinion on "killer applications" is likewise conservative: GSM is the market of today and banking will be the market of tomorrow. Other applications will remain marginal within the next two or three years. Having said that, Oberthur appears to be the only card manufacturer still holding faith in the US market take off. While other players have re-called their troops, in March 1999, the group announced the expansion of its North American presence with the inauguration of a manufacturing facility with a capability of 200 million cards per year.

Finally the French card manufacturer intends to keep doing what it does best: card fabrication and personalization, whilst keeping HOST.

In an aggressive mood, eager to globalize its activities and to secure its position within a newly awakened European market, focused on banking applications, Oberthur is logically going to watch closely what is happening across the Channel. Its interest in De La Rue is well justified:

- Both have the same background: fiduciary printing, and both also had to adopt and integrate a new Smart Card technology within their product offerings before it destroyed their core business.
- Both see themselves as Card Service providers.
- Both still have a strong magnetic stripe component within their range of products (De La Rue supplies 475 million magnetic stripe cards each year, whilst Oberthur produces 225 million cards).
- Oberthur has acquired a strong experience in banking with its past partnership with Bull on the French banking cards. De La Rue is no doubt well placed within the UKIS roll out with a comfortable share of the 90 million card market.
- Oberthur is not yet recognized as a major player in the GSM market. On the other hand De La Rue has made a number of strategic alliances in the past year and has affirmed itself as a key player in the SIM market.

- Oberthur has no intention of venturing into terminals. De La Rue has a stake in Ingénico, the second largest worldwide terminal manufacturer.

De La Rue and Oberthur are both minor Smart Card fabricators in an industry that is still lacking exciting developments. Needless to say competition is fierce. Their combination of forces could strengthen their positioning whilst reducing their damaging rivalry.

That is, if they merge, which is not an easy task, no matter how similar they are. Besides, one has to underline that the Smart Card partnership might only be one small part of a larger fiduciary partnership. After all this is their core business. The Euro banknote printing has just started, and about 13 bn banknotes must be printed before January 1, 2002.

Schlumberger wasn't interested in bidding for De La Rue. This lack of interest could come as a surprise. However when looking closer at the two groups' range of activities, Schlumberger's inertia is understandable: Schlumberger might not want to inherit De La Rue's bulky large plastic offer, to only gain a small market share.

Another discrete or absent contestant is the German fiduciary group, Giesecke & Devrient the world's second-biggest private-sector banknote printer. For the last 20 years, the group has been working intensively on the development of systems, machines and equipment for the automation of payment, transaction and identification systems. Giesecke and Devrient supplies cards for payment transaction systems, card readers and sensors for ATMs and POS devices. Its card range includes memory cards for public phones and health insurance authorities; Smart Cards operating on Giesecke and Devrient's customer specific mask software, SIM cards, e-purses, and identification cards. It finally ensures personalization systems and complete mailings.

The whole group enjoys a strong reputation, yet the scope of its Smart Card activities is mainly centered on Germany. A good enough reason to open its horizons. However Giesecke and Devrient suffered a severe fall in sales in 1998. Incoming orders in the Cards and Payment and Security Systems divisions were not up to the usual level. G&D chief Willi Berchtold blames stiffer competition in the international marketplace, and again global over-capacities, especially in banknote printing and card production. As a consequence Giesecke & Devrient is setting up an electronic commerce division that will concentrate on software and telecommunications services, devise payment networks and other systems for banks and retailers. It is expected to

generate annual sales of DM500m to DM1bn.

Anything is possible and today's winners might well be tomorrow's losers if the agreement isn't finalized. What is certain is that this partnership will lead to new ones. Restructuring across the entire industry will be on the agenda in the months to come and one could even see some of the interested parties getting closer.



People on the Move

Philippe Tartavull has been appointed President and CEO of Oberthur Smart Cards USA. Formerly COO, he takes over from Kirk Hyde who held the CEO post since 1980 and will remain on the Board of Directors.

John Hutchinson has been appointed Regional Sales Manager for Ingenico Fortronic. He joins the company from British Airway's subsidiary Air Miles Travel Promotions.

Europay has appointed **Ajay Popat** as Chief Financial Officer, and **Philippe Scheppers** as Director, Strategic Management and Audit.

George Wallner has assumed the title of President and CEO of Hypercom Corporation taking over from **Albert Irato** who has become Chairman of the Board of Directors. **Chris Alexander** takes over as President of the new Hypercom Transaction Systems Group and **Jairo E Gonzalez** is appointed to the new position of Managing Director of Global Sales and Marketing. **Ted Satchell** has been appointed to the new position of Senior Vice President Transaction Systems Group, EMEA region.

Gemplus has announced the appointment of **Alan Davies** as a new business development consultant to concentrate on the electronic business market. Previously he was with GPT Card Technologies.

IC One \$300m Contract

IC One Inc and Schimatic Cash Transactions Network.com, Inc (SCTN), which recently completed a merger combining their technologies under the name IC One, Inc, have announced a three-year \$300 million contract with Global Capital and Rent Smart Publications to introduce the "Rent Smart Card" and Internet enabled set-top boxes to tenants in apartment communities.

The plan is to provide each tenant with a Rent Smart Card to lower the cost of acquiring tenants and tenant turn-over by offering an easy and convenient means of paying rent, obtaining local merchant discounts, participating in custom loyalty programs, among other applications.

IC One will provide Smart Card acceptance devices (CADs), to be placed in each apartment unit to provide a wide range of services including e-mail for landlord-tenant communication and Internet access.

Global has committed to deliver at least 150,000 IC One Rent Smart Cards and set-top boxes within the first 12 months; and a minimum of 1.5 million Smart Cards and set-top boxes within the first 36 months.

Greg Johnson of Global Capital commented: "We look forward to proving ourselves to be effective distributors and usage-promoters of IC One's Smart Card technology and expect to exceed the minimum sales set out in the agreement."

Other developments

IC One has also announced a Smart Card partnership with IBM.

President and CEO, Skip Bennett, who brings 22-years of IBM management experience to IC One, explained: "The powerful combination of IC One's sweeping loyalty patent and IBM's open Smart Card architecture will provide Smart Card Plug-N-Play compatibility, and firmly establish our companies as the Smart Card industry leaders."

The company recently received a contract to supply Smart Card loyalty technology to eExpo for use in trade shows, conventions and with hospitality companies.

In a statement, IC One said eExpo plans to distribute 500,000 Smart Cards the first year and an additional five million cards over the following three years.

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CyberMark Wins Bank Contract

CyberMark, supplier of Smart Card solutions for education, corporate, stadium, and government markets, has been selected by Huntington Bancshares Inc to integrate SmartWorld card technology for the bank's new Business Service Center at Easton, a 1200 acre, retail and business complex located in Columbus, Ohio.

Huntington is one of the major tenants of Easton, with over 1800 Huntington employees working at the Center.

Initial SmartWorld applications include electronic purse for vending machines and use in the cafeteria, debit card interfacing with the bank's ATM network, and integration with multiple physical security infrastructures.

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Racal P3 Module for MasterCard

Racal Security and Payments and MasterCard joined forces to develop a customised version of Racal's Personalisation Preparation Process (P3) which automatically produces key cryptographic data for each card.

The new version will enable MasterCard members to securely generate and format data necessary for the personalisation of MasterCard chip cards on the MULTOS operating system.

The module alleviates the need for each issuer to pay to develop their own application load device for each chip vendor's operating system.

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HyperSecur/ST Agreement

HyperSecur Corporation and STMicroelectronics have signed a co-operation agreement giving STMicroelectronics the exclusive license to implement HyperSecur's HyperProximity technology as a standard feature on contactless microcontrollers manufactured by STMicroelectronics.

The HyperProximity technology will first be implemented in the ST16HF52 contactless chip and followed by the ST19 family of products that will include a DES acceleration in hardware.

HyperProximity works in both the traditional distant mode (10 cms or less) for applications such as fare collection in public transit, access to buildings and management of human resources, and in the secure HyperProximity mode (5mm or less) for authentication, network access, e-commerce, financial and health applications.

The files or applications stored in HyperProximity mode are protected by an integrated logic on the chip that automatically switches the card to low emission mode during a communication with a reader, making it by far more difficult or nearly impossible to interfere with protected or secure data depending on the reader technology.

Sample devices with the HyperProximity implementation will be available during Quarter 3 of this year, with volume shipments towards the end of the year.

Jean Dore, President, HyperSecur (Canada) said: "We consider this as a major opportunity to get the new technology into various applications within a very short period of time, particularly into those related to the PC industry."

Peter Uehlecke, Director of STMicroelectronics' Smart Card Products business unit North America said: "We believe the HyperProximity technology has a potential to set a worldwide standard for secure transactions and other applications that require high levels of security with contactless Smart Cards."

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New Operating System for Chipper

All new Chipper Smart Cards issued from 1 July have a new operating system, the Chipper++ which is backwards compatible with existing operational terminals and applications already in the market. Chipper++ replaces the IBM MFC operating system. New features added to the Chipper++ include an undo function that enables a payment transaction to be reversed and commands supporting the locking and unlocking of the purse.

The operating system has been designed in accordance with the highest security of the banking industry and has been independently tested by Chipper Netherlands, and evaluated by Debis IT Security Services in Germany. Cees Keetman, President of Chipper International, said: "With seven million cards in the market, and more to come, our customers expect proven technology - which we can offer.

"At the same time we co-operate with parties like Sun Microsystems, MAOSCO and Microsoft to port the Chipper applications to Java, MULTOS and Smart Card for Windows, respectively.

"As a result we can offer our customers a multi-functional Smart Card solution today and at the same time make sure that our customers can also migrate to other platforms, if so required at a later date." He added: "Consequently, with our knowledge we bridge the gap until suppliers of card-independent operating systems have proven their capability."

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Reuters News by Mobile Phone

Reuters, the international news service, and Ericsson of Sweden are to deliver news, sport and selected financial information by mobile phone in a trial involving 1,000 business customers in London and Frankfurt.

In one of the first commercial tests of WAP, the wireless application protocol, Ericsson is supplying the technology, including mobile phones and hand-held communicators, while Reuters will provide news and data.

Diebold Acquires Pioneer Systems

Diebold, of Ohio, USA, has acquired Pioneer Systems Inc., a provider of Smart Card systems for college campuses, for an undisclosed amount.

Students at 23 colleges in the United States use Pioneer's Smart Card system to make purchases on-site from their own bank accounts.

Contactless Chip Partnership

NEC Corporation and Innovatron have formed a partnership to develop a microprocessor contactless Smart Card application and expect to make a product announcement early in 2000.

The chip will be based on the ISO 14 443 Type B standard for a NEC microprocessor chip and is aimed at high security cards with cryptographic protection and multi-application cards.

Smart Card inventor Roland Moreno, President and founder of Innovatron, said: "As a major semiconductor designer and manufacturer, NEC can help extend usage of the standard over a variety of products and tap markets that we would not be able to cover on our own."

Junichi Iwasaki, NEC's Chief Manager heading the development of NEC's Smart Card microprocessors, explained: "We expect contactless communication to become a major feature of Smart Card technology worldwide."

"Already transport applications are seeing widespread adoption of contactless communication cards, but the potential goes much further."

Innovatron has developed contactless technology in conjunction with the RATP, the Paris transport authority. It is in use in Nice, France, and in a contactless Smart Card ticketing project in the Paris area, and in other European projects.

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Chip in, Chip out Parking System

A number of parking garages in The Netherlands are to introduce a "chip in, chip out" procedure by the end of this year for motorists using the Chipper electronic purse.

Instead of obtaining a parking ticket, motorists

arriving at the garage will insert their Chipper Smart Card into the terminal which will register the card ID number and the cardholder's time of arrival. On leaving, the motorist simply re-enters the card at the exit terminal and the parking fee is automatically deducted from the purse.

Chipper Netherlands says the next logical step for parking garages would be the introduction of loyalty and coupon programs to further increase customer retention.

All parking meters in the Dutch capital of Amsterdam - where one fifth of the country's parking meters are located - have been modified to accept Chipper cards. More than 25 Dutch cities are already equipped with parking meters which will accept the Chipper card. These include Rotterdam, Groningen, Tilburg and Delft.

The main motivation for city authorities to change over to card payment is reduced costs of cash handling and less vandalism, while the system offers greater convenience for the motorist.

Chipper Netherlands considers the development of paying for parking with the Chipper card as a major step in achieving a broad application of its Smart Card system throughout the country.

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Proton Certifies New Bull Card

Proton World has certified the CC 200+ card, the latest in the Cash Card (CC) range from Bull.

The new card provides a processing speed in the region of 115,200 bits per second, 12 times faster than that of previous Smart Cards, and can easily be used to encrypt and decrypt data for secure messaging.

The CC 200+ has 2K bytes of memory and can be used for additional applications such as customer loyalty schemes, transport ticketing, telephone services, security access and payment over the Internet.

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Europay Opens Office in Prague

Europay International has opened a new office in Prague, the Czech Republic capital, to support Members in the Czech and Slovak Republics.

In the Slovak Republic, banks are migrating to the new chip cards. Choosing Maestro as the launch pad, Slovenska Sporitelna was the first bank in the region to begin issuing payment cards based on the EMV chip standards. This was followed by Bratislava which made the first cross-border EMV-chip card transaction.

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Sophisticated SIM for Hong Kong

Orange, the mobile network operator in Hong Kong, has taken delivery from Schlumberger of what the French manufacturer describes as "the most sophisticated" Smart Card SIM ever. An advanced Java-compatible SIM, the open Simera 32 platform provides Orange with the capacity to integrate two existing suites of Phase 2+ SIM Toolkit services - each previously requiring its own SIM (Subscriber Identity Module).

"Schlumberger Java Card technology allows us to greatly expand the range of services available to users," said Stephen Ngan, Director of Sales and Marketing at Orange. On the new SIM card, Orange is combining value-added services called Orange Info, a menu-based navigational tool to information-on-demand on topics such as stock updates including the Hang Seng Index, horse racing and lottery results, and an upgraded version of the mobile banking service developed in partnership with American Express Bank.

The mobile banking function allows users to check account balances, transfer funds between their American Express Bank's Hong Kong dollar accounts and other banks, and pay utility bills. Users can also programme the SIM to provide a custom selection of account-related alert messages such as alerts for payments, large withdrawals and bounced cheques.

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