MyClear

Malaysian Electronic Clearing Corporation Sdn Bhd (836743-D)
Subsidiary of Bank Negara Malaysia

The Future of the Debit Card

Delivering Superior Value for Businesses in Malaysia

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Malaysian Electronic Clearing Corporation Sdn Bhd (MyClear)

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What is a Debit Card?







- **All ATM cards issued by banks in Malaysia** with the MEPS or BANKCARD logo (either on the front or back of the card) can be used to make payments at point-of-sale (POS) terminals
- **Debit card payment is made by inserting the ATM card into a POS terminal**, exactly like credit card transactions
- **The customer's bank account** linked to the ATM card is **debited online when purchases are made**
- **Funds are credited into the merchant's bank account** by the next business day

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Types of Debit Cards – Domestic Debit and International Debit

Domestic Debit Card







Co-badged Card *(Domestic & International Debit)*







- **Co-badged Cards** have 2 debit applications within a card:
  - **Domestic Debit**; and
  - **International Debit** (MasterCard or Visa)
- For Co-badged Cards, **the International card brand appears on the front** of the card, while **the MEPS or BANKCARD logo appears on the back**

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Types of Debit Cards – Domestic Debit versus International Debit

Key differences between Domestic Debit and International Debit:

	Domestic Debit	International Debit
Transaction Processing	Processed in Malaysia by MyClear	Processed overseas by Visa, MasterCard or Union Pay
Overseas Use	No, only in Malaysia	Yes, where Visa, MasterCard and Union Pay are accepted
Authorization	PIN has to be entered	Signature (similar to credit card)
Internet Purchases	No	Yes
Typical Cost for Merchants (Merchant Discount Rate or MDR)	1.0 – 1.2 %	1.8 – 2.0% (similar to credit cards' MDR)

- Because domestic debit **requires a PIN** and cannot be used for Internet purchases, **it is very secure**
- **Domestic debit is also more cost-effective for merchants** due its lower MDR

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Domestic Debit Card – Value Proposition

Domestic Debit delivers a superior value proposition for merchants and consumers:

Businesses	Consumers
▪ **Offer convenience** of using a card that everyone has ▪ **Secure** – PIN verification reduces risk of fraud compared to signature-based transactions ▪ **Reduce risks** and costs of cash handling ▪ **Reduce customer queuing time** through faster check-out process ▪ **Payment is assured** with virtually no chargebacks ▪ **Lower cost** – MDR for domestic debit is approx 40% lower than other card types	▪ **Convenient** – direct access to funds in account without having to withdraw cash ▪ **Secure** – since transactions require PIN entry, low risk of financial losses when card is lost or stolen ▪ **Reduce risk** – no need to carry cash ▪ **Less waiting time** during check-out at retail outlets ▪ **Spend only what you have** – instill financial discipline ▪ **Lower cost** – No late fees, finance charges and penalties

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44.6 Million Debit Cards in Circulation

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Domestic Debit use is Growing Rapidly amongst your Customers

20% Compounded Annual Growth in Transaction Value

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Debit Card Payment at Check-out is Faster and Safer



- Speed up cashier check-out process
- Customers need not fiddle for notes and coins to make payment
- Minimize cashier error when counting currency notes and giving change
- Eliminate risk of accepting counterfeit currency notes
- Reduce internal pilferage and fraud

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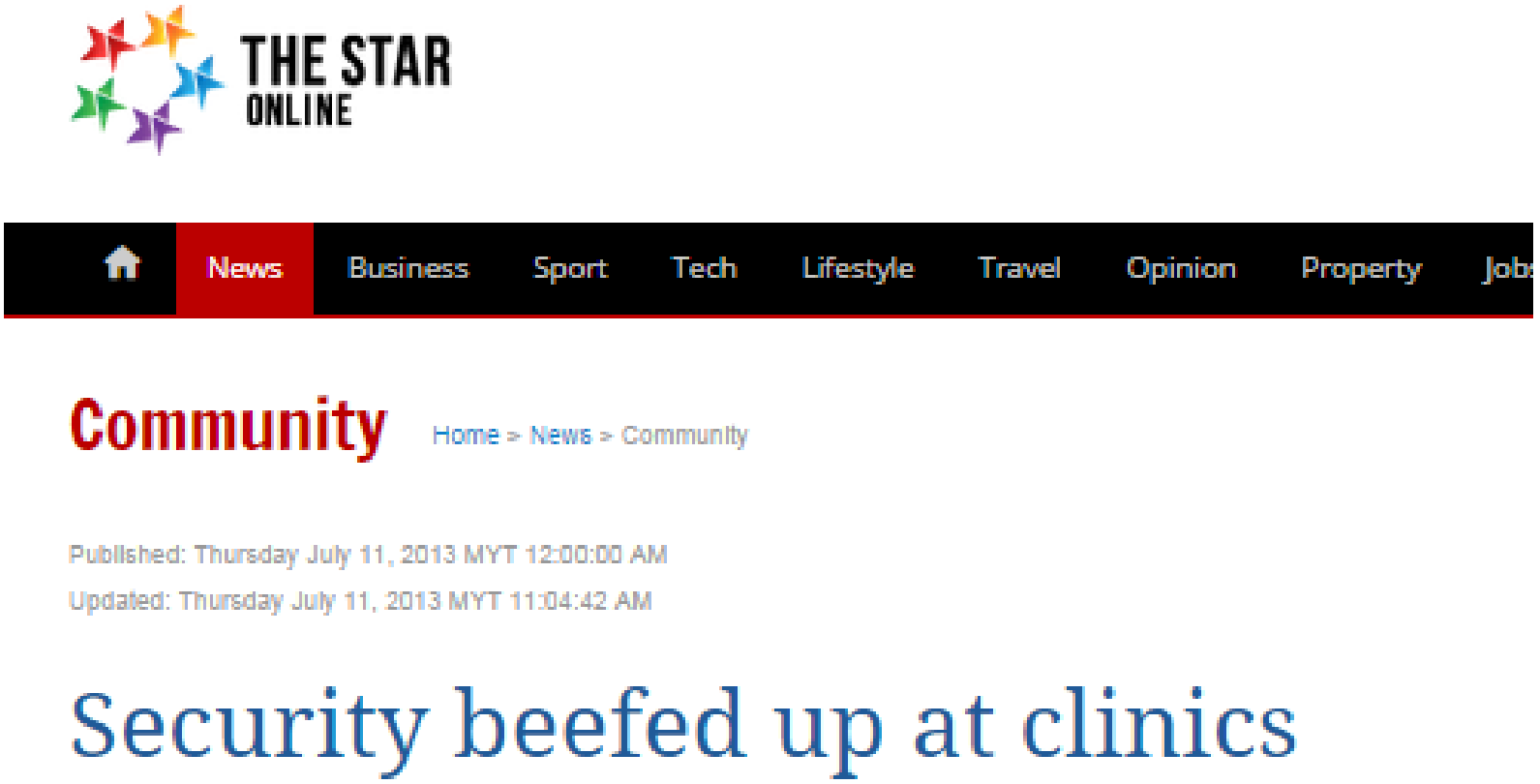
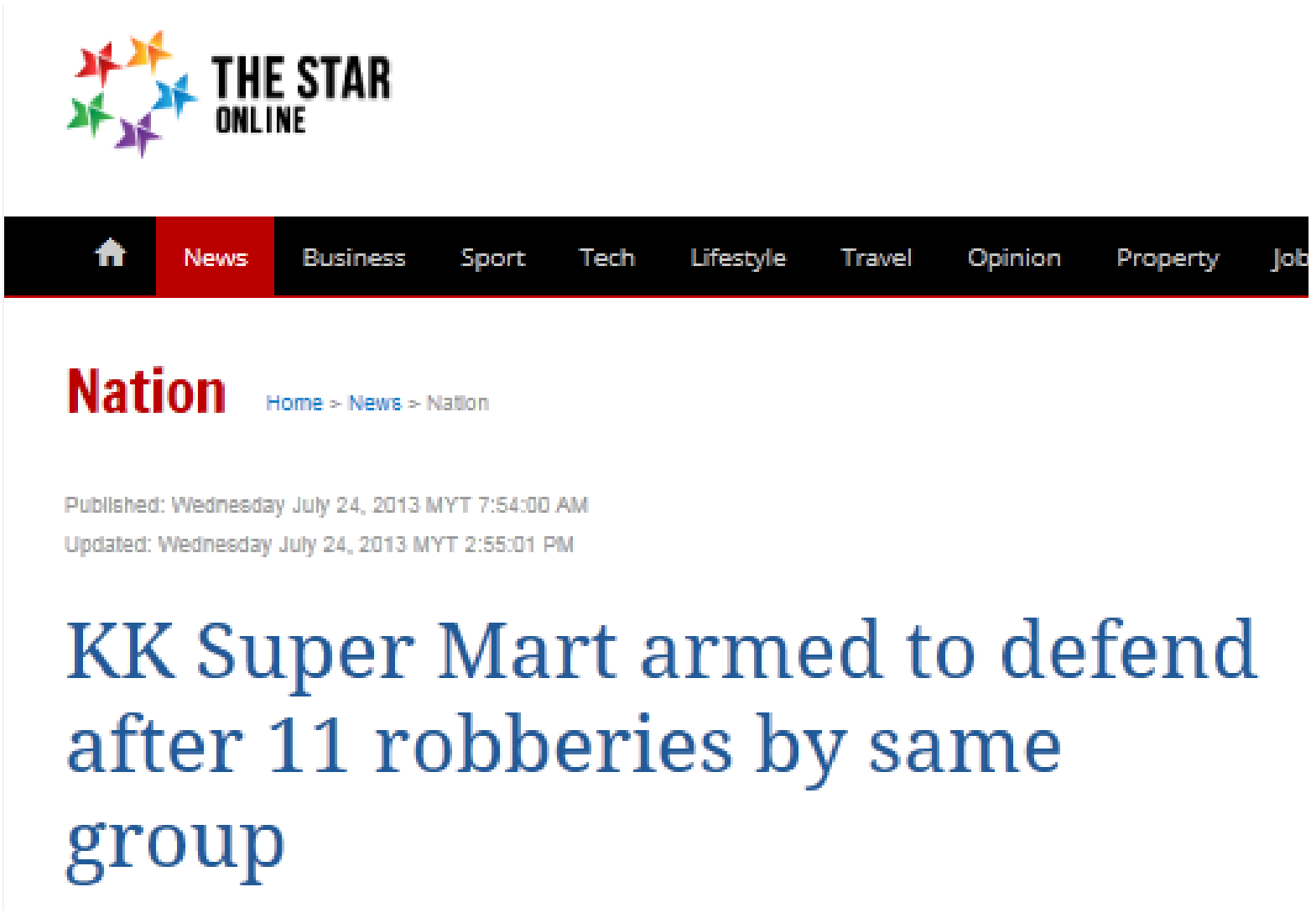
Debit Cards Reduces your Exposure to Theft and Robbery



Debit Cards Reduces your Exposure to Theft and Robbery



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KK Super Mart armed to defend after 11 robberies by same group

Domestic Debit is more Secure



- All Domestic Debit transactions undergo online **PIN verification** (where customers enter their PIN)
- Virtually no risk of payment fraud – Transaction performed face-to-face with customer keying in their PIN
- Virtually no chargebacks
- No cloned cards due to secure chip technology in all debit cards

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Domestic Debit Saves You Money – up to 72% Cost Savings

- With Bank Negara Malaysia's Payment Card Reform, **you will see reductions in MDR and Domestic debit will become even more cost-effective**:

	Domestic Debit	International Debit	Credit Card
Current MDR	1.00 – 1.20%	1.80 – 2.20%	1.80 – 2.20%
MDR after Reforms (projected)	0.35 – 0.55%	0.80 – 1.00%	1.60 – 2.00%

Up to 55% Cost Savings

Up to 72% Cost Savings

- **Cost-Saving Tip:** When a customer presents a Co-badged Card, **train your cashiers to route the payment as a Domestic Debit transaction to enjoy cost savings**

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50,000 Merchants Nationwide accept Domestic Debit, including…



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Large Retailers are Opting for Domestic Debit

The Star, 8 February 2014

Cashless the way to go

Supermarket chain offers new payment option



By KELLY TEY
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GCH Retail (Malaysia) Sdn Bhd and Malaysian Electronic Clearing Corporation Sdn Bhd recently came together to launch the e-debit transaction
entire Giant chain o

Enabled at all its
kets and supermark
customers can choo
chases simply by sv
cards and keying in

In addition to eas
transactions, the m
the cashless system
safety issues and ad
customers and the

"By allowing payments with ATM cards, customers don't have to carry much cash. Coupled with pin identification, it is almost impossible for any

use for ATM and debit cards, MyClear managing director Peter Schiesser sees potential in the Malaysian market.

"We are registering an optimum annual growth of 26% with 5.2 million point-of-sale ATM payments valued at RM2.4bil last year.

"Currently, there are 41 million

to catch the World Cup.

To participate, shoppers are required to spend a minimum of RM100 at any Giant store using the



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Large Retailers are Opting for Domestic Debit

The Star, 6 September 2014

Big reward for shoppers

Hypermarket's new promotion offers customers prizes worth up to RM15,000



By RUBY LIM
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HOW would you like to get rewarded while doing your groce
To reward loyal custo
(M) Sdn Bhd announced its ve
market sweep contest with pr
RM15,000 up for grabs.

The "Win Big Hypermarket
open to all Aeon Big customer
the registration period is from

This fun and exciting contes
shortlisted contestants partici
against time to complete the t
shopping carts with groceries
ping list.

The grand prize and second
will walk away with an Aeon Big Gift Card and groceries worth RM5,500 and RM2,500 respectively while 10 consolation prize winners will win an Aeon Big Gift Card and groceries worth RM700 each.

Customers are required to spend RM80 and above in a single receipt using ATM debit cards to be eligible to submit one contest registration form.

Participating banks and partners for this contest are Myclear, CIMB Bank, Maybank, Hong

test, the brand recently introduced its "Aeon Big Thank You Member Day", where members enjoy a special 5% discount for purchases made on every 28th day of the month.



The Future – BNM's Payment Card Reforms

Bank Negara Malaysia's Payment Card Reform which was issued for public consultation in October 2014 is expected to grow debit card acceptance

Unbundling of MDR

- Banks must provide merchants with **separate MDR for each card type** so that merchants can identify cost effective card types such as Domestic Debit

Equal Prominence of Logos on Card

- To ensure **merchants are aware of the multiple debit apps on the card** and are able to choose their preferred card payment network

Merchants have Priority for Routing Decision

- Merchants are **able to route payments to their preferred card payment network** (either cost-effective Domestic Debit or International Debit)

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The Future – Contactless Domestic Debit Payments



- **Contactless payments** are made by simply tapping a payment card or mobile device at POS terminals
- Contactless card payment has proven to be **quick and convenient** since the card need not be inserted into the POS to make a payment
- Between 2012-2013, contactless card transactions in Australia grew 350%. By 2014, **contactless payments has exceeded traditional card payments**, accounting for 60% of all debit card payments in Australia
- Australia's largest supermarket chain, Woolworths, reported **that contactless payment accounted for 70% of all transactions** in August 2014
- **By Dec 2017, every ATM/debit card in Malaysia will be re-issued with contactless capabilities**

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The Future – a New Brand for Domestic Debit



- Domestic Debit in Malaysia did not have a recognizable brand for many years
- **MyDebit** is now the **new brand for Domestic Debit**
- **MyDebit** denotes that it is Malaysia's national debit card which is available to all
- **From January 2015**, **Hong Leong Bank** and **Public Bank** will be issuing ATM/Debit cards with the new MyDebit brand. Other banks will follow…
- **By December 2017**, every ATM/debit card in the Malaysia will be re-issued with the new MyDebit brand on the card

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Contact your Bank or TPA to begin Accepting Domestic Debit

- **Banks** currently offering Domestic Debit



- **Banks** that will offer Domestic Debit by 2015



- In addition to banks, **Third Party Acquirers** can enable Domestic Debit acceptance for merchants



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Or Contact us at MyClear

MyClear is a **wholly owned subsidiary of Bank Negara Malaysia**, entrusted with the development and operations of Malaysia's payment systems, including **MyDebit**

We clear payments and settle obligations between all banks in Malaysia:

- Every business day, an average of RM190 billion is cleared and settled via the systems that MyClear operates
- Every year we clear approximately 200 million cheques

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