



News Release

January 19, 2009:

Canadian payments market geared for growth even through troubled economic times

(Oakville, Ontario - January 19, 2009) – The Canadian debit and credit card payments market will be hit by the decline in personal expenditure on consumer goods and services as a result of the economic downturn, but over the long term both forms of payment will command a greater share of all consumer expenditures, a new study published by Technology Strategies International predicts. According to the recently released market research report titled "**Canadian Payments Forecast - 2009**", credit card payments will account for 38% of personal consumer expenditure by 2013, approximately double the share predicted for debit card payments.

"By 2013 we expect there to be about 130 million payment cards in circulation in Canada, with card based payments being accepted at about 720,000 merchants", notes Christie Christelis, President of Technology Strategies International.

"There are a number of high growth segments in the Canadian payments market, the ones with the most promise being mobile contactless payments, cross-border debit and alternative methods for paying online," he says.

Key findings of the study are:

- The recession in Canada will result in lower growth for debit and

credit card payments as consumers cut back on their expenditure

- Credit card payments will be hit the hardest by the recession
- Contactless payments will be the highest growth segment over the next five years, exhibiting phenomenal growth and encroaching on the areas currently dominated by cash and debit cards
- Card issuers will use the EMV implementation card reissue cycle to issue cards with contactless payment functionality
- Cross border payments will grow by 70% per year over the next five years
- Alternative payment mechanisms for online payments (i.e. non-credit card payments) will account for one third of all online payments made by Canadians by 2013
- Cash will remain the most frequently used form of payment in Canada

The 110 page report provides a comprehensive review, analysis and forecast of consumer payments in Canada. It identifies high growth segments in the Canadian payments market in the context of some important recent developments in the economy and the industry, including duality in the credit card market, the emerging battleground around merchant discount rates and Interac's application to the Competition Bureau to convert to a for-profit organization. Detailed forecasts are presented for credit card payments, debit card payments, cash payments, cheque payments, contactless payments, cross-border payments, online payments, ABM installations and POS terminals.

About Technology Strategies International

Technology Strategies International is a leading Canadian technology market research firm based in Oakville, Ontario. Established in 1995, the company has been tracking developments in Canadian payment markets for the past fifteen years. For more information please see www.tsiglobalnet.com/Reports.htm.

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