

Retailer Financial Services in North and Latin America, 2009 / 2010

Report Prospectus

June 2010

Expertise in financial services

Prospectus contents

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What is the research?

Retailer Financial Services in North and Latin America is a report, based on a survey of 1,195 high profile retail brands in 12 countries, about the activity and partnerships of major retailers in areas of financial services including payment cards, consumer finance, retail banking and mainstream insurance policies, namely motor insurance, household insurance, accident insurance, dental insurance, other health insurance, travel insurance, pet insurance and life insurance. In addition, the study also covers proprietary and coalition loyalty schemes and international remittances. Countries covered are Argentina, Brazil, Canada, Chile, Colombia, Costa Rica, Ecuador, Mexico, Paraguay, Peru, Uruguay and the USA.

In fact, the study provides a comprehensive and detailed overview of the market for retailer financial services across the 12 countries in North and Latin America that goes far beyond the scope of previously published research. Moreover, the PartnerBASE™ database that accompanies the report details each of the many marketing initiatives for co-branded and store cards, proprietary and coalition loyalty programs, consumer finance, banking products, retailer insurance and international remittances traced by Finaccord. Other global regions covered in sister reports and associated databases are Asia Pacific and the Middle East, Eastern and South-Eastern Europe, Northern and Central Europe, and Southern and Western Europe.

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What is the rationale?

A number of factors, some of which are specific to financial services and some to retailing, provide ample justification for the development of this report and the sister reports covering the same subject in four other broad global regions. With regards to financial services, this rationale can be broken down between what might be characterized as ‘traditional’ retailer financial services (i.e. co-branded / store cards and consumer finance / personal loans) and ‘non-traditional’ retailer financial services (i.e. insurance, mortgages and savings accounts). For example, in the field of ‘traditional’ retailer financial services, the experience of card issuers is that the profitability of successful co-branded card schemes, including retailer programs, usually exceeds that of standard payment cards.

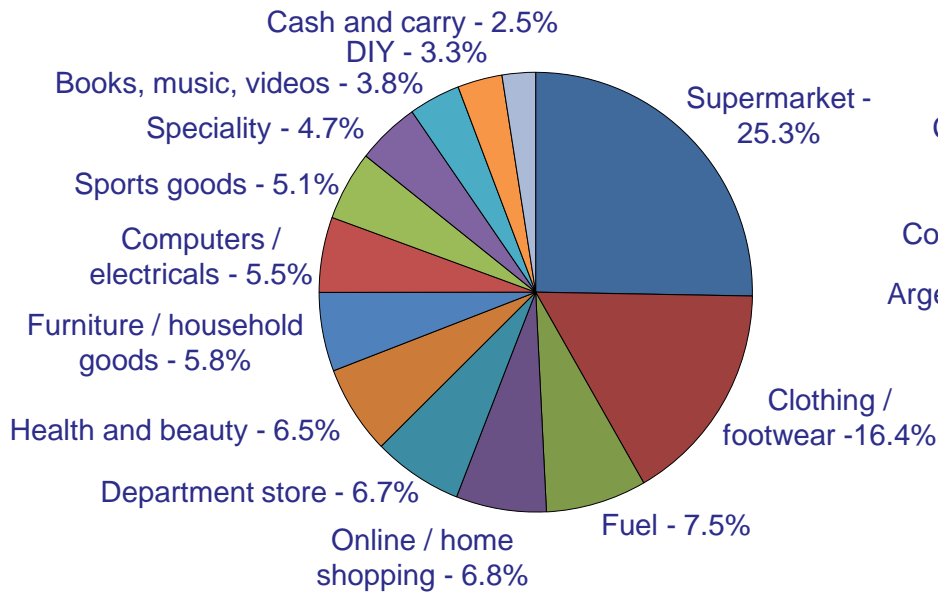
Meanwhile, dynamics in the retailing market itself also give rise to increasing rationale both for retailer financial services and this comprehensive study of the subject. Retailer consolidation is helping to produce national champions with the branding, muscle and general profile needed to succeed in financial services in any given country. Furthermore, successful retail groups in the less developed markets of Latin America are experiencing substantial growth as an increasing proportion of consumers allocate their expenditure to formal retailing concepts. Indeed, a number of retailers such as these are taking advantage of the regular contact that they enjoy with consumers to roll out their own financial services propositions.

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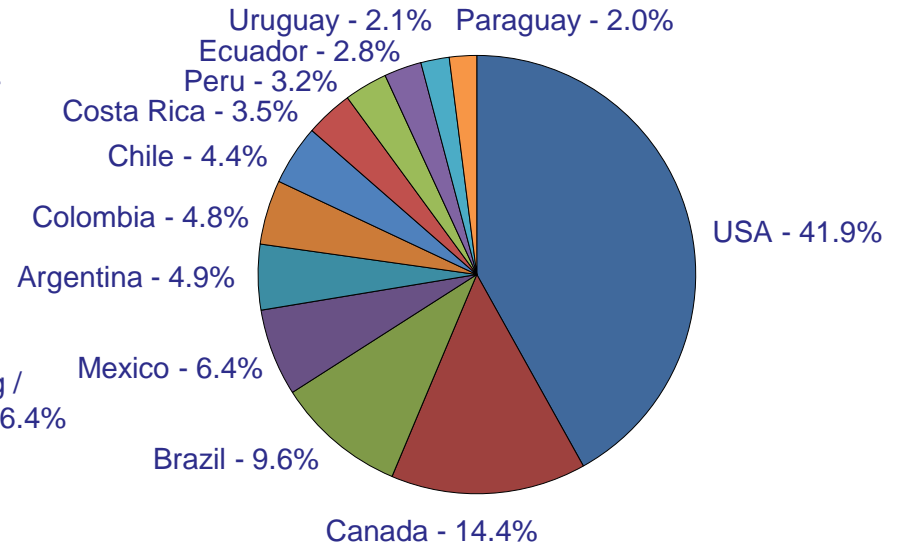
What methodology has been used?

The main research input into this study is a survey, carried out between April and June 2010, of 1,195 major retailing brands across 12 countries in North and Latin America. The aim of this investigation has been to gather top level data concerning the provision of financial services by the organizations in question, the operating models that they use and the financial partners with which they work in this context. Naturally, given that there are literally millions of smaller retailers in total in the territories reviewed, the majority with just a single outlet, Finaccord has sought to focus on the very largest entities that are likely to be of most strategic interest to providers of financial services. Indeed, the 1,195 major retailers break down by country and by category as illustrated in the graphic overleaf.

How do organisations surveyed break down?



BY TYPE



BY COUNTRY

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Which specific retailing groups have been researched?

Among the major retailing groups included in the research are:

Abercrombie & Fitch	Cencosud	Gap	Loblaw	Salcobrand
Aeon	Charming Shoppes	Gessa	L'Oreal	Savemart
Ahold	Chedraui	GNC	Luxottica Group	Sears
Aldo	Chico's	Grupo Carso	Macy's	Seven & I
Alpargatas	Circuit City	Grupo Deib Otoch	Mango	Shell
Alticor	Controladora Comercial Mexicana	Grupo Elektra	McKesson Pharamceuticals	Shoppers Drugmart
Amazon	Corporación El Rosado	Grupo Exito	Men's Wearhouse	SHV Makro
American Apparel	Corporación La Favorita	Grupo Gigante	Metro	Soriana
AmerisourceBergen	Costco	Grupo Inditex	Mi Comisariato	Staples
Ann Taylor	D'Avó	Grupo Pão de Açúcar	Mimo & Co	Sun Capital Partners
Associated Wholesale Grocers	Din	Grupo Vierci	Office Depot	Supermercados Peruanos
Avon	Empresas Ripley	Home Depot	Olímpica	Superseis
Berkshire-Hathaway Retail	Esprit	Home Hardware	Overwaitea	SuperValu
Best Buy	Expert International	Houchens Industries	Petrobras	Tengelmann
C&S Wholesale Grocers	Extreme Retail	Hudson's Bay Company	PetSmart	The North West Company
Canadian Tire	Exxon Mobil	IAC	Pintuco	TJX
Caro Cuore	Falabella	IKEA	PPR	Toys 'R' Us
Carrefour	Famsa	Katz Group	Raley's	Transworld Entertainment
Casa & Ideas	Forzani Group	Kroger	Reitmans	Wal-Mart
Casino Group	Furniture Row Companies	Limited Brands	Repsol YPF	Whole Food Markets
Cemaco	Game Stop	Linens 'n Things	Safeway	Williams-Sonoma

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What is the report structure?

0. *Executive Summary*: providing a concise evaluation of the principal findings of the report.

1. *Introduction*: offering rationale, description of methodology and other related notes.

2. *Regional Overview*: comprising a regional overview of the activity of major retail brands in payment cards, proprietary and coalition loyalty programs, consumer finance / personal loans, banking, mainstream insurance policies and international remittances. As well as analyses of the operating models used by retailers for financial services, this section also analyses the extent to which retailer cards are affiliated to MasterCard, Visa and other international payment brands in each country and identifies retailers operating through captive or joint venture finance arms..

3. *Argentina*: an in-depth analysis of the market for retailer financial services in Argentina with separate consideration given to initiatives in payment cards, loyalty schemes, consumer finance / personal loans, banking products, insurance and international remittances. Key partnerships between retail chains and banks, card issuers and insurance providers are identified for each of these financial services while retailers are analyzed according to whether they possess proprietary loyalty programs or participate in coalition loyalty schemes.

4 - 14: chapters for Brazil, Canada and all countries through to the USA are structured along similar lines to that for Argentina.

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What are the key features of the research?

Key features of this report include:

- comprehensive coverage of the involvement in financial services of 1,195 major retail brands in 12 countries in North and Latin America;
- investigation of close to 800 schemes for retailer payment cards and point-of-sale finance: which finance providers are strong in which countries and with which retail chains do they collaborate?
- identification of over 550 proprietary retailer loyalty programs including the split by country according to whether they are linked to a corresponding payment card or to a card with no payment function;
- focus on key initiatives in retailer banking such as ibi (C&A) in Brazil, President's Choice Financial Services (Loblaw / CIBC) in Canada, Banco Falabella (Falabella) in Chile and other countries, Banco Azteca (Grupo Elektra) in Mexico, Banco Walmart (Walmart) in Mexico, and Kroger Personal Finance (Kroger / RBS Citizens) in the USA;
- in-depth consideration of retailer provision of mainstream insurance: 95 major retail brands in North and Latin America were active in 'brandassurance' by the second quarter of 2010.

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How can the research be used?

You may be able to use this report and the PartnerBASE™ that accompanies it in one or more of the following ways:

- gain rapid access to a unique source of intelligence covering virtually all significant retail groups across an extremely wide range of geographies;
- monitor the activity of key national and international competitors in retailer financial services including the many international subsidiaries of BNP Paribas, Citigroup, GE Capital and HSBC;
- understand the potential in each country for converting proprietary retailer loyalty cards and coalition loyalty schemes into fully-fledged payment cards;
- evaluate the extent to which retail brands in the Americas could emerge as ‘consumer champions’ in mainstream retail banking;
- retailers in North and Latin America are becoming increasingly involved in insurance intermediation - appreciate the opportunity for creating distribution partnerships in this field.

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How can the PartnerBASE be used?

Filter by type of retailer Select country Filter by type of insurance

MOTOR INSURANCE

Retailer	Type	Country	Product offered?	Operating model	Partner(s)
LIDER	Supermarket	Chile	Yes	Multiple partners	Corredora de Seguros Presto / various underwriters
Liverpool	Department store	Mexico	Yes	Multiple partners	Banorte Generali, Quálitas
Loblaws	Supermarket	Canada	Yes	Captive broker	PC Financial Insurance Broker
London Drugs	Health and beauty	Canada	Yes	Single partner	ICBC
Max	Department store	Peru	Yes	Single partner	Mapfre Seguros

Look up specific retailers Choose operating model Identify insurance partners

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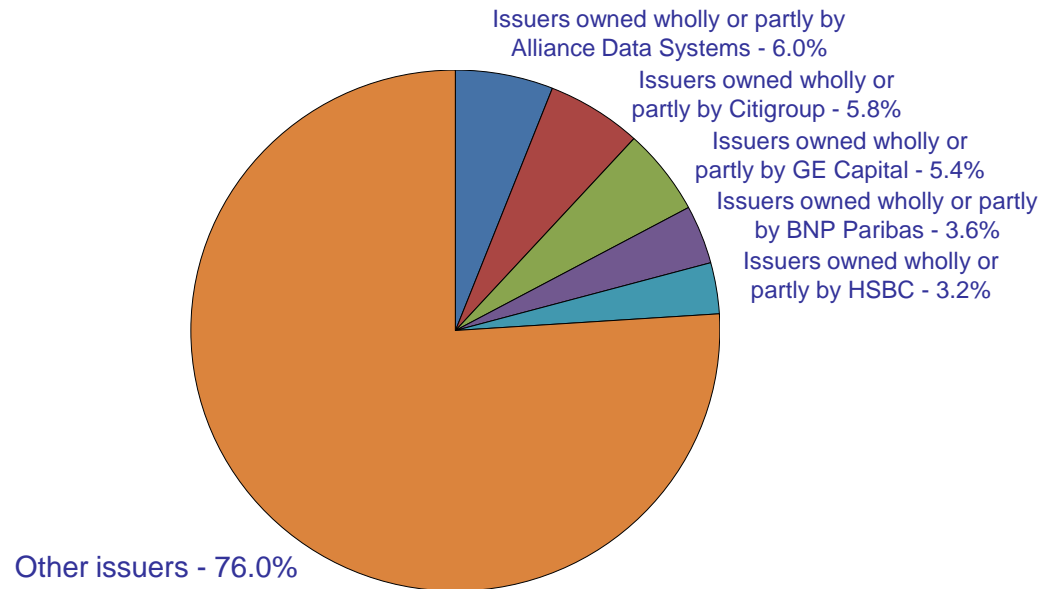
Who can use the research?

1. *Payment card issuers:* this study is an up-to-date and comprehensive source of information about retailer payment cards in 12 markets in North and Latin America with coverage of credit / deferred debit, debit and rechargeable pre-paid products;
2. *Banks and lending institutions:* partnerships with major retailers for the provision of point-of-sale finance, especially in categories such as computers / electricals, furniture / household goods and online / home shopping, offer a potentially strong growth channel;
3. *Insurance companies:* as merger and acquisition activity brings about the creation of larger, more international retailing groups, the opportunities for underwriters and brokers to set up retailer insurance programs are sure to multiply;
4. *Retailers:* across Latin America, Banco Falabella runs a portfolio of more than five million active credit card accounts and a total loan book of almost US\$3 billion: to what degree is there an opportunity for your organisation to expand profitably into financial services?
5. *Loyalty management companies:* the research offers a thorough guide to over 550 proprietary retailer loyalty programs in North and Latin America as well as coverage of the leading coalition loyalty schemes.

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What are some of the key findings?

1. The Americas play host to a comparatively fragmented market in terms of the issuers of retailer payment cards

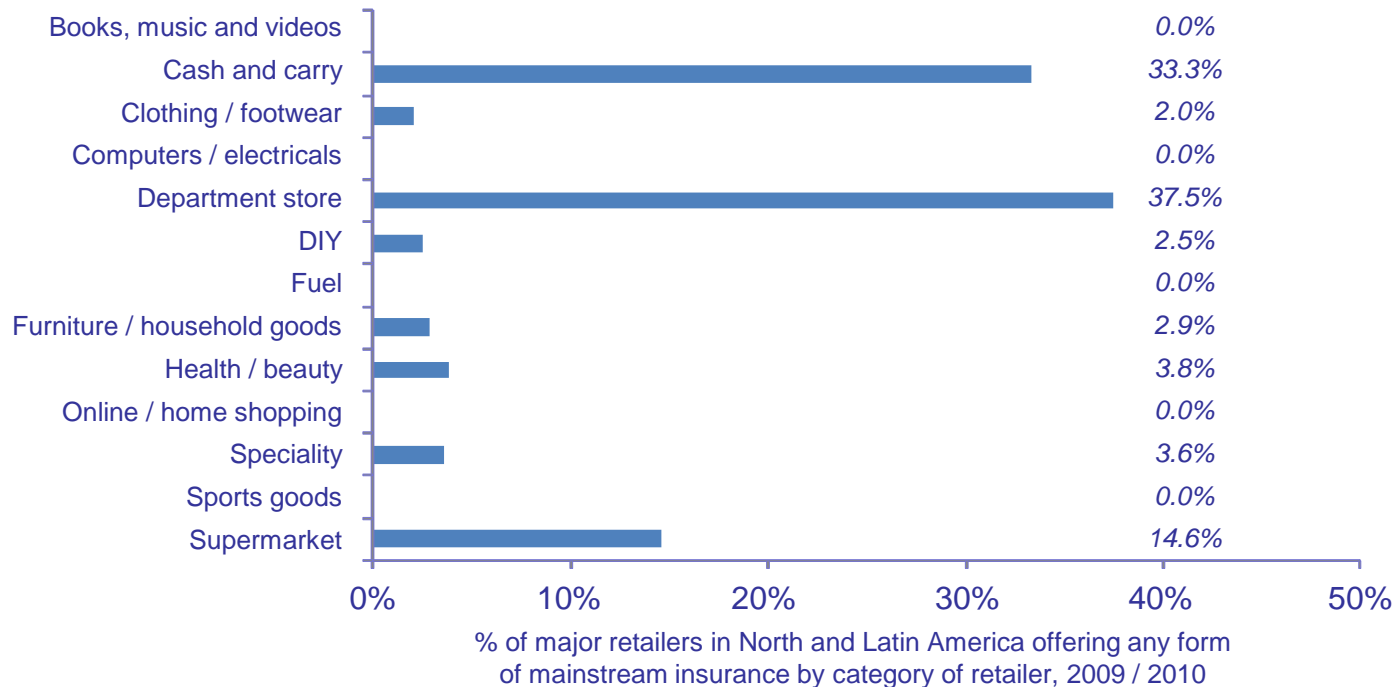


Source: Finaccord PartnerBASE for Retailer Financial Services

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What are some of the key findings? (cont.)

2. Programs for retailer insurance in North and Latin America are concentrated primarily in the cash and carry, department store and supermarket categories



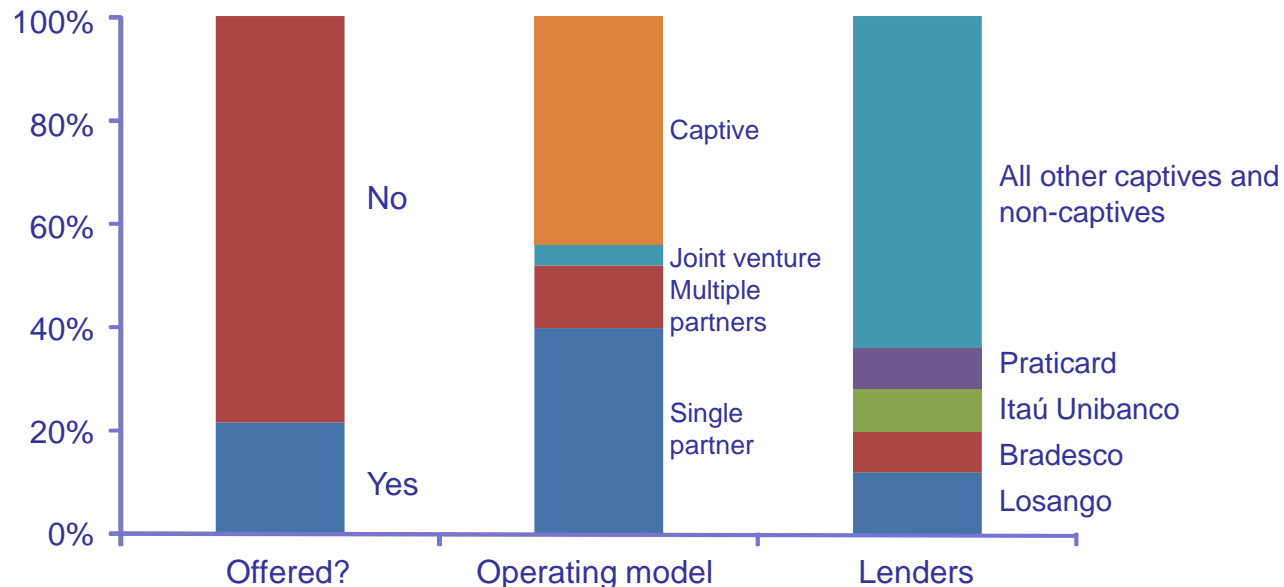
Source: Finaccord PartnerBASE for Retailer Financial Services

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What are some of the key findings? (cont.)

3. Around a half of retailer schemes for non-card consumer finance in Brazil are organized through captive or joint venture entities

% of retailers surveyed / % of retailer consumer finance or personal loan schemes



Source: Finaccord PartnerBASE for Retailer Financial Services

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What are some of the key findings? (cont.)

4. Key findings from the executive summary include:

- retailer payment cards are most prevalent in Brazil, Canada and Peru where 76.5%, 70.3% and 57.9%, respectively, of major retail brands offer them, but are least common in Uruguay, Paraguay and Colombia with data points of 24.0%, 25.0% and 31.6%, respectively;
- in Latin America, in particular, major retailers have established their own banking operations with a view to targeting lower and middle income customers with banking services, as these types of customer are often poorly served or overlooked by mainstream banking institutions;
- however, some retailers may elect to sell their captive finance arms to mainstream banks or to reconfigure them as joint ventures in which a banking partner takes on some of the responsibility for their day-to-day running, including the management of credit risk;
- the involvement in insurance of some of retail brands also extends to various assistance formulae in addition to the mainstream forms of insurance researched - for example, in Chile, Falabella also offers a pre-paid legal assistance policy while Johnson's intermediates legal services on a 'pay when needed' basis.

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What is the cost and format?

Retailer Financial Services in North and Latin America is available as a standard *Adobe Acrobat* PDF document and / or hard copy. The *PartnerBASE™* that accompanies it at no further charge is in *Microsoft Excel* format. Costs for this research set and selected other comparable, international titles are as follows:

REPORT	COST *	FORMAT
Retailer Financial Services in North and Latin America	£1,995	c. 225 pages
Global Retailer Cards: Co-Branded, Loyalty and Private Label Programs	£3,995	c. 550 pages
Global Retailer Insurance: Affinity Schemes in Supermarkets and Other Stores	£2,495	c. 210 pages
Retailer Cards in Europe: Co-Branded, Loyalty and Private Label Programs	£1,995	c. 300 pages
Retailer Financial Services in Asia Pacific and the Middle East	£2,495	c. 280 pages
Retailer Financial Services in Eastern and South-Eastern Europe	£1,495	c. 170 pages
Retailer Financial Services in Northern and Central Europe	£1,495	c. 240 pages
Retailer Financial Services in Southern and Western Europe	£1,495	c. 170 pages

VAT at the prevailing rate will be added to the basic price for UK-based buyers except for where the request is for hard copy only. Costs quoted are for a single site user license only. For a corporate user license, please see the next slide for further details. Printing and postage costs of up to £50 will be added for delivery of each hard copy. Invoices can be paid in €, at the prevailing exchange rate, if preferred.

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How can the research be purchased?

Simple. Just go to the relevant area of the Finaccord web site available at www.finaccord.com/order_global_rfsr.htm and fill in the online order form, clearly indicating:

- report required
- type of corporate user licence, if required *
- billing name
- address and e-mail address
- purchase order number, if applicable

Please allow up to one working day for the delivery of electronic copy by e-mail.

* For the **corporate user licence** please choose one of the following options:

1. One office, one country: no supplement over and above basic cost of reports ordered
2. Multiple offices, one country: additional 20% over and above basic cost of reports ordered
3. Multiple offices, two to ten countries: additional 50% over and above basic cost of reports ordered
4. Global (unlimited offices in unlimited countries): additional 100% over and above basic cost of reports ordered

VAT at the prevailing rate will be added to the price of any corporate user licence acquired by UK-based buyers.

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