

July 2013

Dear Clients and Friends:

The next time you're in London, be sure to pop in to a tube station at Heathrow and pick up your oyster for the underground. Translation -- in England you'll need to buy an "oyster" to use the subway. This particular oyster is a stored value card, where the monetary amount is actually recorded on the card. In the Netherlands you'd use a Chipknip, in Germany it's the Geldkarte, and in Hong Kong the Octopus card.

Stored value cards are anonymous, unlike credit and debit cards which are issued in the name of an individual account holder. They're like money. If the card is lost or destroyed, you're cooked. But the great thing about stored value cards is how well they work for small transactions. They're popular for transit passes and coffee cards.

Last year Americans spent \$483 billion using stored value cards. It's a big deal for the companies and services we patronize. This year New York will net \$52.2 million from expired, lost or unused MetroCards. And what about all those gift cards passing back and forth at Christmas and birthdays? I'd like to know the dollar value of all the cards I've misplaced over the years, plus the ones I simply decided not to use.

Starbucks customers downloaded \$3 billion onto their cards and phone applications in 2012, and this year mobile payments are up 32% in the first quarter. They give you the 13th coffee free while they're collecting valuable consumer information. You give up some privacy, but in return just look at all those offers and incentives!

I feel like a dinosaur carrying cash around. I still get the newspaper, too.

Regards,



Charles M. Shackelford