

Your Money & INVESTOR

Gift cards give double delight

Receiver has the joy of getting card and choosing what to spend it on. By **Rob Stock**

CHRISTMAS 2011 is going to be a big one for prepaid card provider Ezi-Pay, if its range of internet gaming cards prove a hit.

Ezi-Pay grew from a base of supplying prepaid phone cards, but has expanded to have a big presence in the retail gift card market, providing "closed loop" cards such as the Mitre 10 and Bond and Bond gift cards, as well as Christmas Club cards at supermarkets.

Closed loop cards are cards that can only be used in specific locations, and their usage is expanding. Ezi-Pay, which boasts revenues of over \$200 million a year and is rumoured to be for sale, is looking to the boom in online gaming as its next growth opportunity.

Kiwis are taking up online gaming and many favour free games on platforms such as Facebook, but games where people must pay to participate or advance their online activities are

on the rise. Though it may seem anathema to older, more frugal types, paying real world money to change the colour of your online penguin pet's igloo, or buying virtual clothes or throwing a virtual party for your online avatar – which too often appears to resemble Barbie, Megan Fox, Justin Bieber or Conan the Barbarian – is increasingly common.

But there is an understandable reluctance by people to use their credit cards to pay for such games. Cyber-crime has led to a growing desire to insulate real world money from online risks, said Ezi-Pay's chief executive Dave Spicer.

And as a gift, prepaid game cards are a hero category.

"The most wanted present in the US is the gift card, and in the gift-card market the biggest growing market is gift game cards," Spicer said. With the Kiwi gaming audience mirroring the



Card dealer: Ezi-Pay's chief executive Dave Spicer says the most wanted present in the US is the gift card, including Moshi Monsters' gaming cards, below left.



US one, Ezi-Pay expects a surge of sales this Christmas.

He said gift cards showed the recipient that the giver had given their gift thought. For the receiver, there is a double gratitude hit: the joy of receiving their card and of choosing what to spend it on.

A gaming gift card might also buy a little Christmas

Day peace for parents as the recipient heads off to Farmville, Cafeworld, joins the League of Legends, or immerse themselves in Moshi Monsters.

"This will be our first big Christmas. At the moment there are tens of thousands of cards selling a month. It is already gaining

popularity," he said. The future of prepaid cards in New Zealand is being mapped out overseas, and it appears to be "card malls" – where people can pick up cards not just as gifts or to top up mobile accounts – but to buy travel insurance, make savings, and pay utility bills.

"Card malls allow people to do a number of things in one location," Spicer said, which

appeals to time-strapped shoppers.

Examples overseas had seen savings cards, where people use cards to save towards specific needs, and travel insurance, where card malls contain the information people need to work out how much they will need to pay, enabling them to buy a card of the right denomination, activating their insurance later online.

Spicer said card malls allow retailers to expand the lines they sell without having to expand their stores.

At Tesco, Spicer said, Brits don't just buy baked beans. They can pay for their BskyB subscription, buy pet insurance, save, set up their internet, as well as a number of other card-based services.

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