



Travel Payments in Europe Local payments for a global industry

Andrew Whitcombe (Moderator)

Consult Hyperion



Andrew has been providing clients with expertise in the areas of transaction security, mobile payments, cryptography and identification for over 20 years. His primary focus is assisting clients in defining their long term technology strategy and then developing the necessary specifications to turn that strategy into reality. Andrew's knowledge is applicable to many different markets, a fact which has enabled Andrew to apply his skills for a diverse client base in both the payment and identity sectors, across the public and private sector. Previous clients include Vodafone, Telefónica Mexico, Barclaycard, Visa Europe, American Express, the Department for Transport, the Home Office Scientific Development Branch, the National Police Improvement Agency and the Gates Foundation.

Recently, Andrew's primary focus has been working with Visa Europe on the delivery of payment tokenisation and the services it enables (such as Apple Pay™, Android Pay™ etc.). Andrew excels at understanding, communicating and resolving both business and technical issues in the areas of Identification and payments.

Matt Jackson

Partner Manager, PPRO



Matthew Jackson joined PPRO in January 2019 as Partner Manager in the London Office. In his role, he manages relationships with key partners helping them grow and meet the demands of consumers around the world. With a broad experience of payments, he is very well aware of trends and needs of the industry.

Matthew is a very experienced Manager. Before joining PPRO, he worked for companies like Microsoft and Paysafe Group, where he was successfully managing Third Party Contracts. Until recently, he was also Head of Commercial and Vendor Management at Penguin Random House for more than two years and was Acting Director of Operational Services for some time.

Wilhelm Hamilton

Senior Commercial Manager, Klarna



With online and airline experience Wilhelm Hamilton has managed Klarnas Travel vertical for the last six years bringing smooth payments to consumers allowing them to pay how and when they want whilst driving increased yield and conversion for the many travel companies using Klarnas payment methods.

Matt Jackson

Partner Manager, PPRO

While commerce is becoming more global, payments are becoming more local

North America

- InstaDebit
- Interac
- PayNearMe
- TIO
- Venmo

Western Europe

- Bancontact
- Carte Bancaire
- giropay
- iDEAL
- Klarna/Sofort
- SEQR

Eastern Europe

- Entercash
- PayU
- Przelewy24
- QIWI Wallet
- Trustly
- TrustPay

Asia

- Alipay
- Dragonpay
- eNETS
- UnionPay
- WeChat Pay

Latin America

- Argencard
- AstroPay Card
- Boleto Bancário
- Pago Facil
- RapiPago

Africa

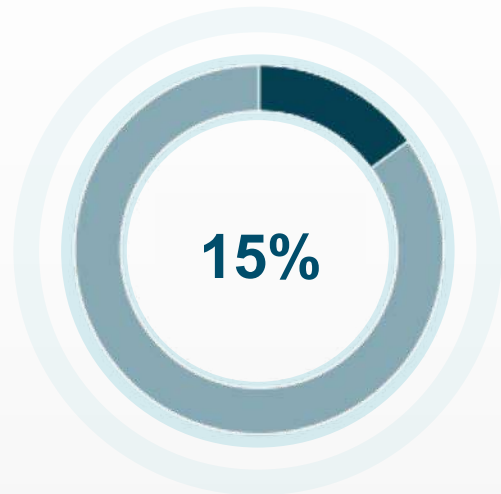
- JumiaPay
- M-Pesa
- MobiCash
- MTN Mobile Money
- Orange Money

Oceania

- Bpay
- Pay@Post
- POLi

There are an estimated **350 significant LPMs** worldwide

Globally

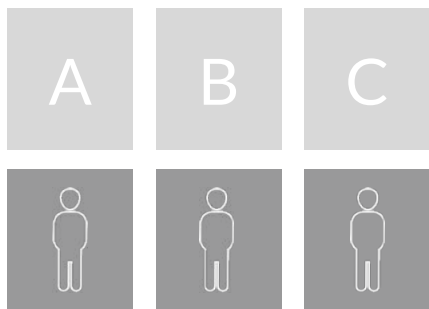


Credit cards will only account for **15%** of global online payments by 2021

Commerce is moving towards a customer centric model

"Commerce is the exchange of goods and services for some form of value"

Today




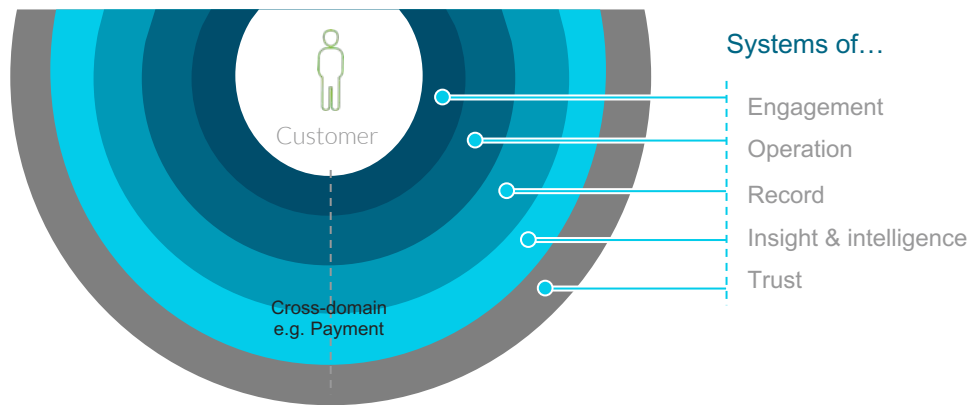
'Omni-channel' will be term from the past ...

CHANNEL CENTRIC

Tomorrow

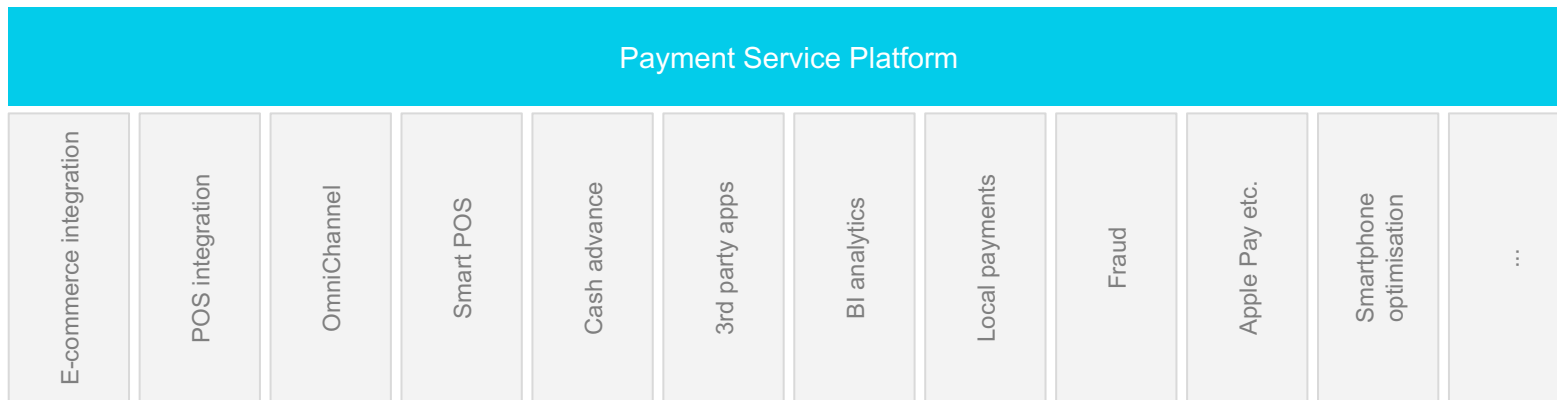
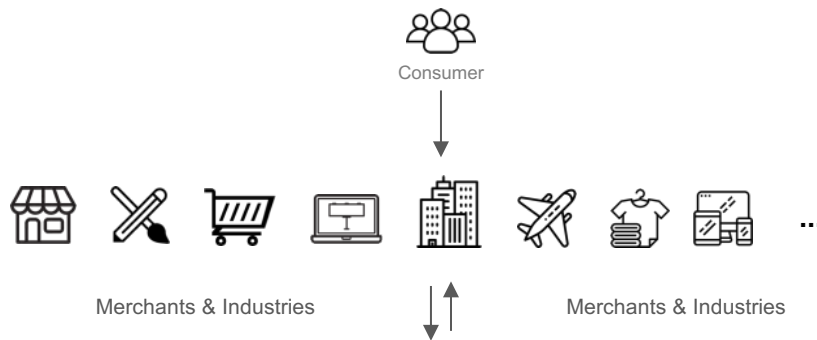
 Merchant
"Store for one"

 Banking
"Account for one" / "Personalised bank"

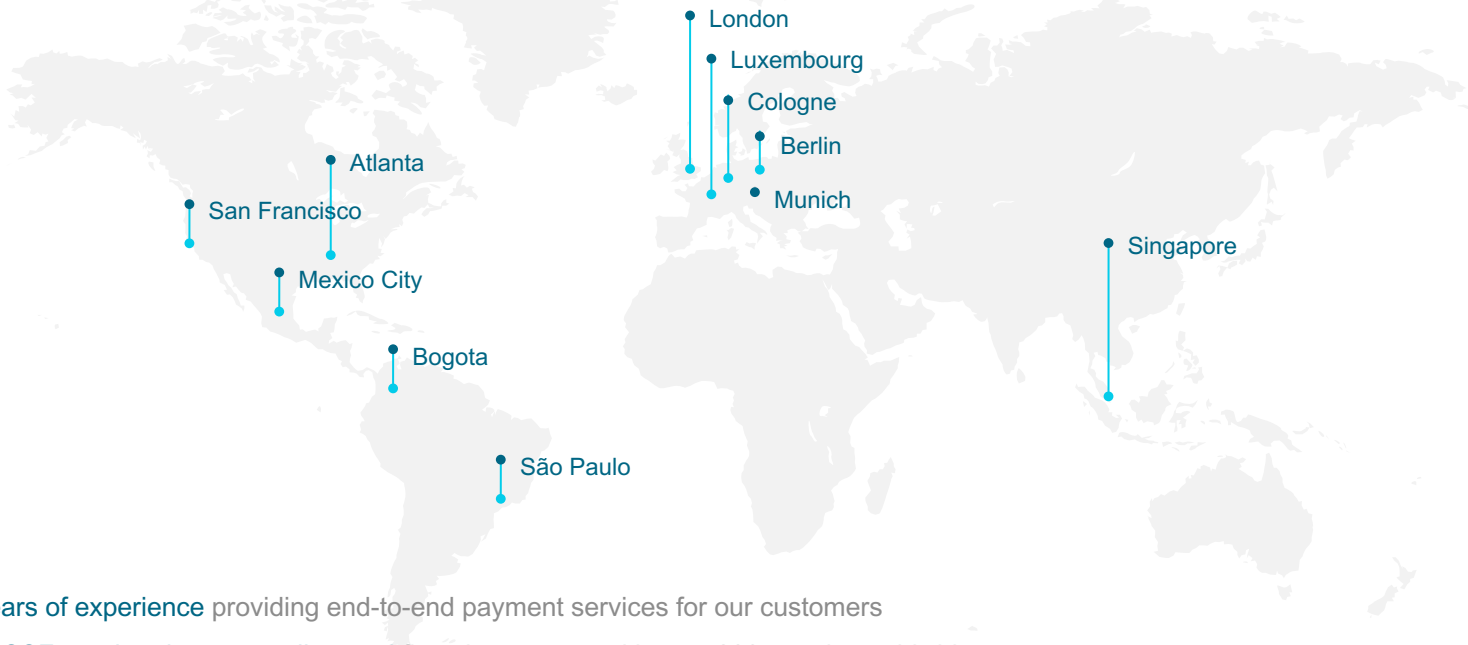


CUSTOMER / CUSTOMER CENTRIC

Payments are no longer about the payment part



Local payments. Worldwide. Powered by PPRO



- Over 13 years of experience providing end-to-end payment services for our customers
- FCA and CSSF regulated, e-money licensed fintech company with over 200 people worldwide
- Robust and scalable architecture and infrastructure
- Long-term, trusted relationships with numerous local payment schemes globally

What they want, when they want and how they want.

- Merchants continue to lose customers by failing to consider Local Payment Methods (LPMs) outside of credit and debit cards
- Over two-thirds of UK consumers still abandon online shopping purchases due to poor payment processes **(67%)**
- Similar picture for German consumers
- No matter if it's about to book a flight or pay for a hotel, customers want a **smooth, easy** and **secure** payments experience
- **90%** of UK consumers admit that they expect several payment method options
- Security most important aspect when it comes to payments for German consumers **(56.4%)** - interesting fact: older consumers are way more concerned about security

E-commerce volume travel / airlines in Europe



Germany

E-comm. volume:
18.9 billion USD
(airlines and hotels)

B2C e-comm. growth:
9% per year



UK

E-comm. volume:
42.5 billion USD
(airlines and hotels)

B2C e-comm. growth:
8% per year



Russia

E-comm. volume:
4.8 billion USD
(airlines and hotels)

B2C e-comm. growth:
17% per year
(> high potential)



Italy

E-comm. volume:
5.3 billion USD
(airlines and hotels)

B2C e-comm. growth:
17% per year
(> high potential)

Fun facts

- The Netherlands contributes €4.384 billion to the EU budget while Dutch people spend €5.414 billion on flights and hotels.
- The cost of flights and hotels booked online by French consumers is worth almost as much as the exports of the entire French wine industry.

To sum up: Don't be left behind, travels companies!

- Customisation is key
- Offering a variety of payment options is essential
- Increase/gain customer trust
- Do not be complicated

Wilhelm Hamilton

Senior Commercial Manager, Klarna

Klarna Introduction



Why we do what we do

Holidaymakers and their characteristics are changing



Better informed

Online search on demand



More demanding

Seeking personalisation and seamlessness



More volatile

Alternative options are just one click away



Always “on”

Always connected, browsing around the clock, but time constrained



More Conscious

Values oriented and in search for authentic experiences

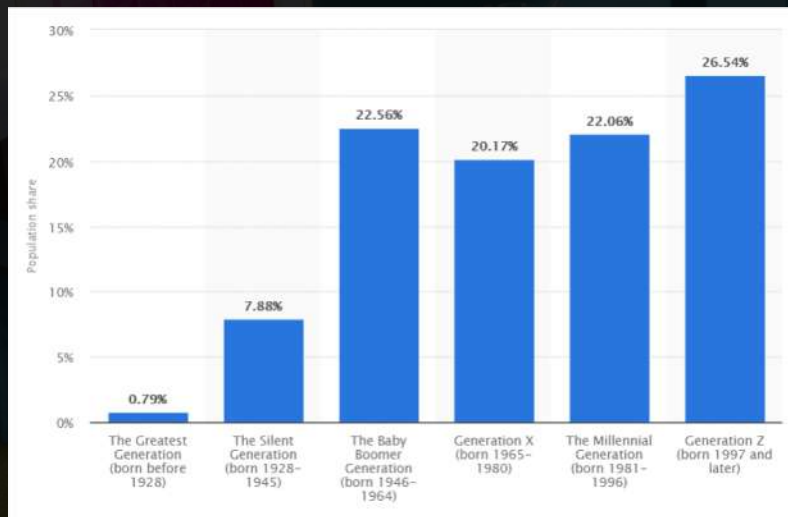


Connected to others

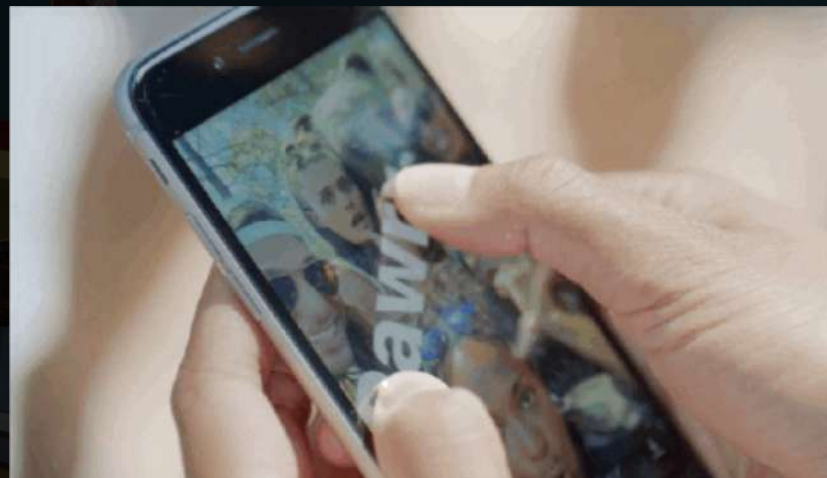
Trip review and experience sharing on blogs and other social media

Most frequent holidaymakers are coming of age

Millennials and Gen Z make up 48% of all online travel bookings



Millennials log more travel days than any other generation



35 days a year

All combine to mean the old way of booking trips is dying

Millennials are not engaging with credit cards



Over 45% do not have a credit card

In the US 65%!!!

Explosion of Debit growth vs. Credit



Debit growth 7.5x from 2000 to 2015 vs. 2.1x for Credit

Millennials lag Gen-Xers in origination rates for private label credit cards & bank cards

No credit access = no purchase power



Forced to spend less on add-ons and excursions to budget and avoid big payments

20% of Brits have to book smaller breaks to avoid big payments

Combined with a quarter of consumers feeling apprehensive about booking travel

31%

Are worried about hidden airline charges

27%

Are worried about additional costs at checkout

20%

Are worried about credit card fees

Research reveals that travelers are keen to push their limits and seek out the new, yet are being held back by little barriers and niggling anxieties such as not knowing the true cost of their holiday

**83% of common travel booking issues
would be eased by removing charges and
not having to pay the full cost upfront**

What customers really need is
flexibility
&
purchase power

It's time for something new...



Empower

Provide the **access** to finance they need to pay for the trips that cost more and help them budget for larger trips over time.



Ease

Instant decisions and, **frictionless processes** to give consumers freedom and control.

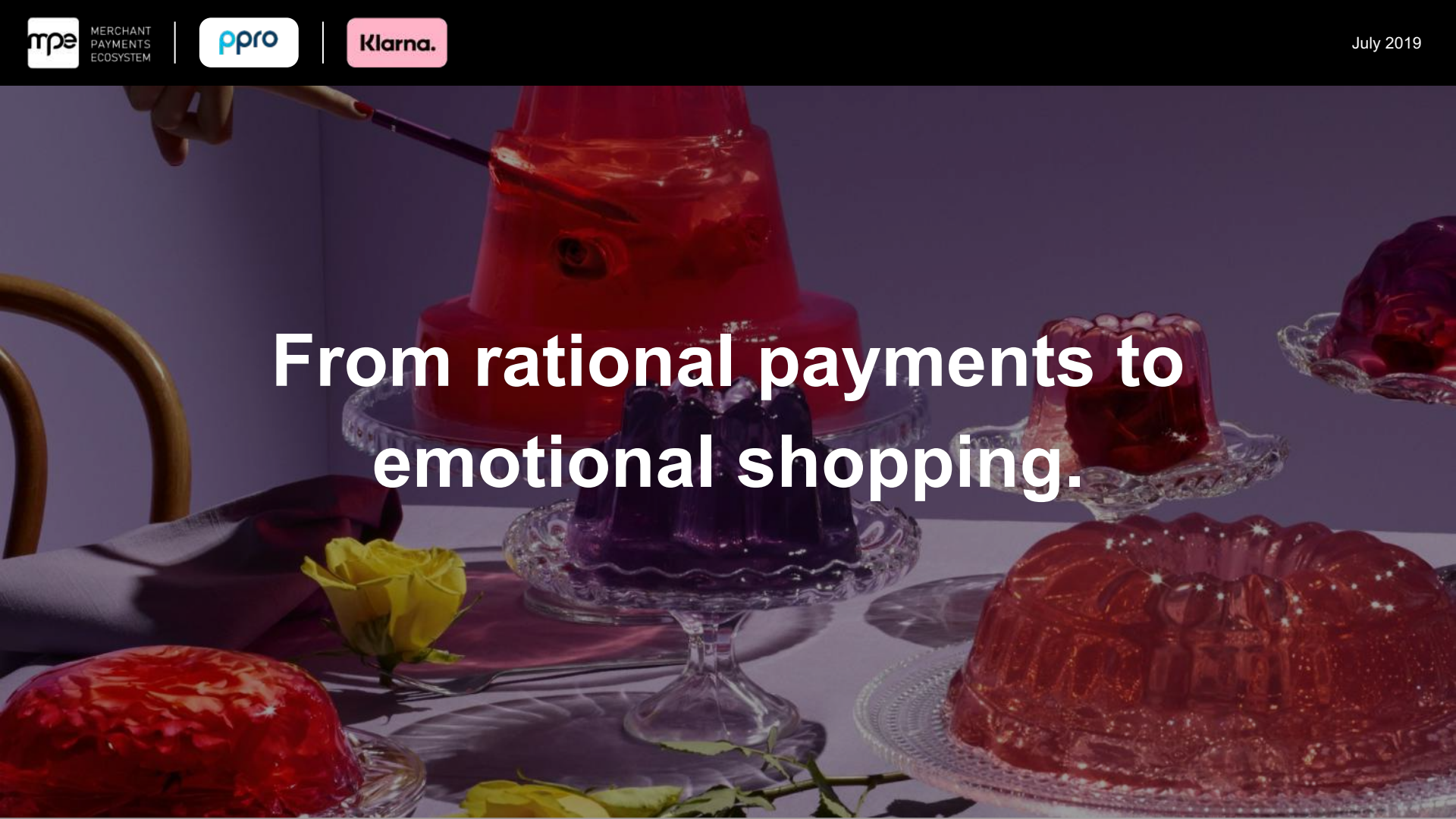


Encourage

18% of travel buyers would even be willing to **spend more** on their holiday and experiences if they had the option of flexible payments.



A Klarna experience



**From rational payments to
emotional shopping.**

Is this what excites consumers?



Or this?



Our payment methods

Pay now, pay later & slice it.

Pay Now.

A secure and trusted payment option, widely popular in Continental Europe.

Payment through Direct Debit (SEPA, Autogiro) or Bank transfer (Sofort Überweisung).

- **Simple sign up** - Mobile Banking details
- **No risk** - You get paid. Klarna assumes both credit & fraud risk.
- **Tokens** - for recurring payments
- **Pre-fill** - frictionless
- **Klarna settles at once**
- **Low transaction cost** - replace more expensive payment methods.

Pay later.

With Klarna's Pay later, consumers get 14 or 30 days from booking confirmation to pay for their purchase.

Widely popular in Northern and Continental Europe

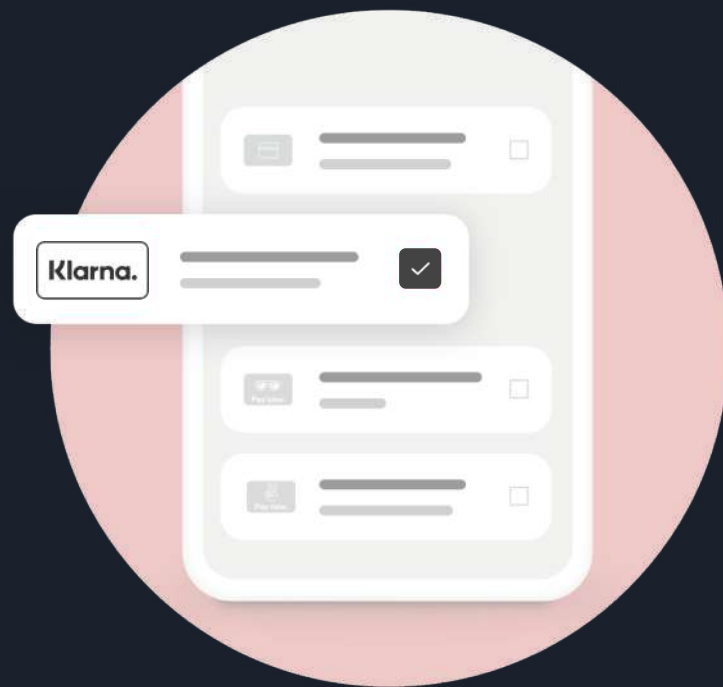
- **14 or 30 days to pay** - dependent on market and local preferences
- **No interest** - focused on your consumer.
- **No risk** - Klarna bears full credit & fraud risk
- **Fast and convenient** - only top of mind information to checkout
- **Get the ticket before you pay** - safety and trust
- **High consumer knowledge** - #1 payment option in many markets
- **Klarna settles full amount at once**

Pay later in 3 or 4

More purchasing power, less hassle.

Free short-term instalments that give customers the ability to spread the cost of their booking, with no added cost or hassle. Equal payments are automatically collected from the customer's own debit (or credit) card.

All the “closure” of a full upfront payment, with the purchase power and cash-flow benefits of spreading the cost.



Slice it.

- Choose the Slice it payment options that best fit your customers' needs, paying over time.
- **Planned payments** - Customers choose payment terms at reduced promotional APRs, so they know exactly how much they'll pay each month.
- **Flexible month to month** - No fixed term commitment. Customers may pay their balance in full or make the minimum monthly payment at set APR.
- **No risk** - Klarna bears full credit & fraud risk
- **Klarna settles full amount at once**
- **High impact on ATV**
- **Adjustable APR and terms**

Average booking value

20% - 98%

Customers choosing Klarna's Slice It have a 20% higher ABV compared to other payment methods.

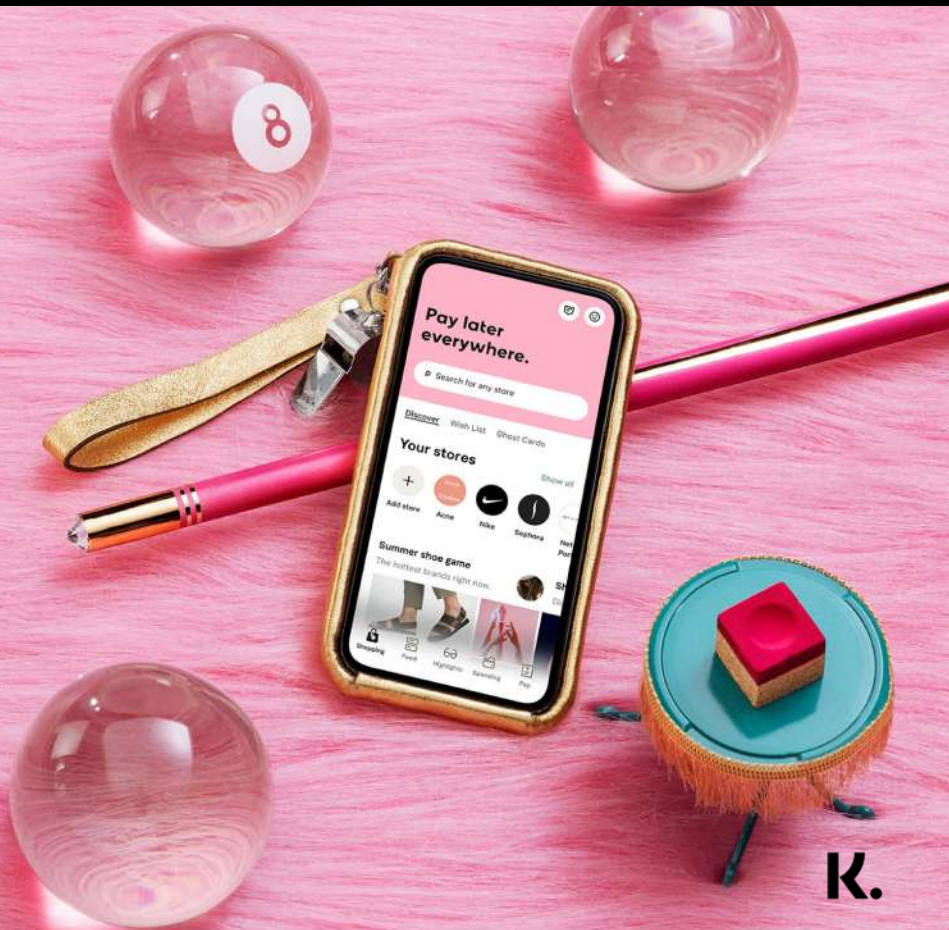
Customers choosing Klarna's Pay Later and Pay Now have a 98% higher ABV compared to other payment methods.

Conversion uplift

25%

By adding Klarna's payment methods to your German checkout your conversion will increase by 25% plus.

Thank You!



Don't forget to:



check out the [PPRO podcast](#) episode with Wilhelm Hamilton



[download](#) the Travel Payments Europe Report by PPRO & Klarna (end of this week)



listen to the webinar recording (you will receive an email)



**THANK YOU FOR JOINING
US!**