



# POSitivity<sup>magazine</sup>

THE OFFICIAL MAGAZINE OF MERCHANT PAYMENTS ECOSYSTEM • ISSUE 88 / JANUARY 2021



MERCHANT  
PAYMENTS  
ECOSYSTEM

**VIRTUAL 22-25 Feb 2021**

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## Dave Birch

### Director of Innovation Consult Hyperion

(Chairman of MPE 2021 conference)

Dear POSitivity magazine readers,

When we look forward to 2021, it is no surprise that COVID-19 is the dominant factor. So far as the merchant payments world is concerned, the shape of the post-pandemic new normal transaction environment must be the key strategic consideration for stakeholders and I am desperately keen to hear the variety of informed opinion on this topic that I have come to expect at Merchant Payments Ecosystem every year. Here at Consult Hyperion we'd like to contribute to these conversations by providing a useful framework for discussion: our annual "Live Five", our yearly set of suggestions for strategic focus. This year, we choose to look at the key issue of pandemic transformation and its impact of on the three key domains where our clients operate: **Payment, Identity and Transit**, together with (as is traditional!) a suggestion as to a technology that the POS world may not be thinking about but probably should be.

#### **Pandemic Pressure and the Contact-Free Future**

The trend to cashless-ness accelerated through the pandemic and has given a huge boost to contact-less payments across sectors and regions. Consumers now demand contact-less payments, and merchants have responded, advertising their acceptance. But contact-less was only the start: the pandemic has accelerated the trend toward contact-free commerce. We've seen alternative contact-free mechanisms appear, with pubs and restaurants teaching us to scan QR codes to access menus, place orders, etc. Once we add the ability to

integrate payments, we arrive in a truly different place where the physical and online worlds merge. We've talked many times before about shifting from check-out to check-in models of retailing and it seems that the pandemic is driving a great many organisations to make the transition: when retailers ask customers to check-in, so they know who the customers are, they can actually deliver much better, personalised services.

#### **Integrated Transport and Access**

I can remember a number of discussions about the disproportionate role of transit in bringing new transactions modes to the general at past MPE events. 2021 is going to be about access to transportation, as the world escapes the grip of the pandemic, using any mode a person feels most comfortable with. This will facilitate integrated access to transportation; with public transit authorities looking to integrate with private offerings (such as micro-mobility services, bike and scooter share schemes and ride sharing). We've seen the rise of apps such as the "<https://transitapp.com/region/london-uk>" Transit and "<https://citymapper.com/london?lang=en>" Citymapper app, and agencies will expose APIs to enable access to their transportation services through the mobile. In this push for access, it is important that operators ensure they provide contact-free access for all their riders, which means bringing pre-paid and perhaps even the first digital currency solutions into mass markets.

#### **Instant Payment in Action**

Instant payment technology allows for a whole set of interesting possibilities. In Europe, PSD2 with its API requirements for instant payments from account and account information access, has focused on creating an alternative to card payments and there was great discussion about this with respect to the "<https://www.ecb.europa.eu/press/pr/date/2020/html/ecb.pr200702~214c52c76b.en.html>"

European Payment Initiative, EPI at the MPE Summer Week (7-11 September 2020) and this opened up many questions in my mind. Do instant payments mean change at the retail level in 2021? At physical POS or on-line only? How will the acquirers and PSPs manage these transactions?

But perhaps that's not the first big opportunity. Bill payments built on the "<https://www.wearepay.uk/request-to-pay/>" Request to Pay infrastructures of the UK, and EU, could completely revolutionise the ability for consumers and businesses to manage the subscription and direct debit payments, upon which much commerce is based.

Beyond that, lots of other interesting things are happening. "<https://www.swift.com/>" SWIFT is looking to extend services into transaction management while "<https://rtgs.global/>" RTGS.global wants to revolutionise counterparty banking. "<https://www.ecb.europa.eu/paym/target/tips/html/index.en.html>" TIPS should improve the real-time flow of funds in the Eurozone while initiatives like "<https://nordicpayments.eu/>" P27 in the Nordics will allow cross-border, real-time, cross-currency transactions. Once available, banks and fintechs can genuinely innovate on top of these services.

## Identity Governance

The pandemic has demonstrated, clearly, the importance of digital identity. As governments and businesses have been forced to provide their services remotely, digital identity has been a key enabler. But there have also been issues. The widely reported fraud that around government pay-outs provides a stark illustration of the lack of effective digital identity in many places.

That's not to say that digital identity solutions don't exist. Take mobile onboarding for example. There are dozens of companies offering solutions, but it can be difficult to gauge how good each one is. To get that assurance, we need rules and a way of showing that solutions follow those rules.

This topic of rule setting, or more broadly „governance“, is one that our customers are increasingly talking about and we think will be a major area of concern through the next year. If governance is about rule setting and

enforcement, the question is who should set the rules? In the UK, the government is trying to lead the way with its new "<https://www.computerweekly.com/blog/Computer-Weekly-Editors-Blog/Meet-the-Identity-and-Attributes-Exchange-GDSs-future-for-digital-identity-after-Verify>" IAX framework expected early in 2021. The EU is redoubling its efforts to see pan-European digital identity in place to enable the new economy.

There may be a wild card here though: the pandemic push for vaccination credentials and test certificates opens up a new vector for digital identity into the retail environment in 2021. It's time for stakeholders to take a serious look at the new business opportunities around digital identity.

## Micro-Location

Gazing further out, new technologies (well technically not so new), such as "<https://insights.samsung.com/2020/08/21/what-is-ultra-wideband-and-how-does-it-work/>" Ultra-Wideband (UWB), are becoming mainstream with their inclusion in Apple's iPhone 11 Pro and the Samsung Galaxy Note. UWB facilitates very accurate location of devices at room scale, in a way that is far more reliable than that offered by Bluetooth. UWB will enhance the mobile face-to-face retail and P2P payments experience due to its accuracy in determining relative orientation. Imagine if instead of scanning a QR code or fumbling to type an email address, you simply point your device toward a retail terminal or a friend's phone, tap & Confirm on your phone and you're done.

See You There

So there you have it. In 2021, the vanguard of embedded financial services will be built on instant payment infrastructure that will spill into the delivery of identity with robust governance. Consumers will experience a shift to in-app payments and contact-free environments. And as technology continues to evolve and become mainstream, micro-location will facilitate integrated access in transit, and across all domains. The Consult Hyperion team look forward to discussing all of this issues and more at MPE 2021, so e-see you there!



Payment Gateway Services

ENABLING YOUR

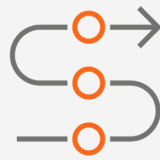
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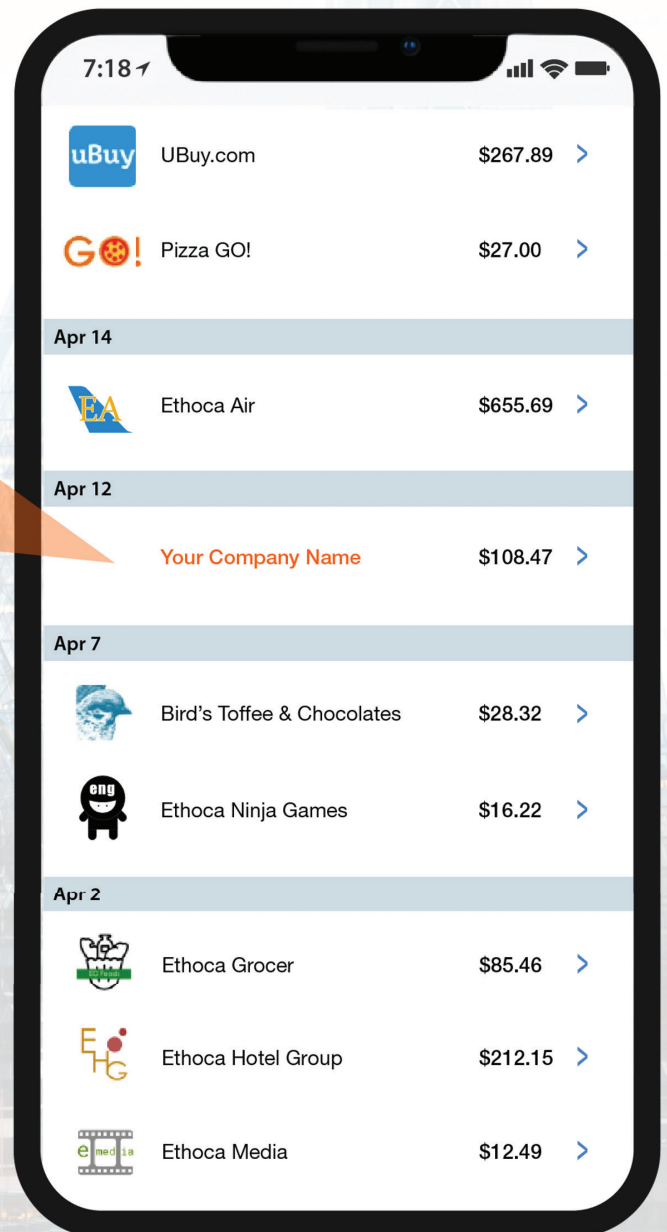
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PLUG AND PLAY TECH  
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CHIEF BUSINESS  
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SENIOR MANAGER,  
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**Derek Fattal**

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Monday • 22nd of February	
1:55 PM	Session 1: 2020 chaos as 5min Location: Virtual session MAIN STREAM
3:00 PM	Break • 40min BREAK
3:40 PM	Session 2: Strategies to b digital/omnichannel cham Location: Virtual session MAIN STREAM
4:40 PM	Break • 35min BREAK
Tuesday • 23rd of February	
11:00 AM	Breakout room 1: 3DS/SC Authentication • 50min Location: Virtual session BREAKOUT ROOM
11:00 AM	Breakout Room 2: New E • 50min Location: Virtual session BREAKOUT ROOM
11:00 AM	Breakout Room 3: SoftPC • 50min Location: Virtual session BREAKOUT ROOM
11:00 AM	Mapping the world of ret: Session for merchants only Location: Virtual session MERCHANT ROOM
Wednesday • 24th of February	
11:50 AM	Break • 2h 0min BREAK
1:50 PM	Session 1: E-commerce payme 5min Location: Virtual session MAIN STREAM
2:55 PM	Break • 35min BREAK
3:30 PM	Session 2: Digital identity, biom • 1h 0min Location: Virtual session MAIN STREAM
4:50 PM	Break • 30min BREAK
5:20 PM	Innovation Corner Competition
Thursday • 25th of February	
11:50 AM	Break • 1h 40min BREAK
1:55 PM	Session 1: The new normal of customer shopping journey • 1h 5min Location: Virtual session MAIN STREAM
3:20 PM	Break • 35min BREAK
3:55 PM	Session 2: LEADERS DISCUSSION: What's NEXT for Merchant Payments Ecosystem in 2021? • 40min Location: Virtual session MAIN STREAM
4:35 PM	Break • 30min BREAK
5:05 PM	Session 3: LEADERS DISCUSSION: What's NEXT? - The long-term, "futuristic" outlook for payments • 40min Location: Virtual session MAIN STREAM

AGENDA BROUGHT TO YOU BY:



**EXPLORE THE AGENDA HERE**

# What sessions to attend?



AGENDA TIPS FROM OUR SPEAKER,

**OSCAR BERGLUND,**  
**CEO at TRUSTLY**

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## **DAY 2, SESSION 3: “Merchants in the year of big change”**

Consumer behaviors are changing; buying online is growing faster than ever.

Merchants need to provide seamless payments and provide value-adding services to gain a competitive advantage. This LEADERS DISCUSSION seems to be an excellent forum to get your answer on what to focus on in 2021.

## **DAY 3, SESSION 2: “Digital identity, Biometrics and tokenisation”**

In a global shopping era, price is no longer the only decisive factor for consumers. Behavior shows that consumers are looking for a safe and convenient way to pay with a frictionless experience from the moment they enter the shop. With the enforcement of the SCA legislation rolling out in different countries from January 2021 and onwards, I believe that SCA, biometrics, and digital identity are topics to follow closely.

## **DAY 3, Breakout room: “Payment localization and Crossborder payment”**

Payment localization is crucial for every merchant who wants to expand and improve their checkout conversion. Cross-border payments can be a headache for the merchant, but Online Banking Payments could support your expansion and add relevance to your cross border payment mix. In this breakout session, you can ask the experts how to leverage Online Banking Payments.

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# MPE 2021 Predictions

## MERCHANT PAYMENTS ECOSYSTEM 2021 Predictions: What Experts See in the Year Ahead of us?

Making predictions is always tricky , even at good times, but especially so after a year of unprecedented chaos. If anything, the uncertainty creates a stronger temptation for us to try to forecast the year ahead.

**We asked the MPE ADVISORY BOARD Members & speakers – seasoned industry experts to provide their perspective on trends shaping merchant payment ecosystem in 2021.**

**Merchant  
Payments  
Ecosystem**

**PREDICTIONS  
2021**





*“2021 will be the year **crypto** comes of age.”*




A speaker card for Daniel Kornitzer. On the left is a black and white headshot of a man in a suit. To the right is a black box with the 'mpe' logo in white, followed by 'MERCHANT PAYMENTS ECOSYSTEM' and 'VIRTUAL 22-25 Feb 2021' in blue. Below the photo, the text reads 'DANIEL KORNITZER', 'Chief Business Development Officer', and 'PAYSAFE GROUP'. To the right of this, it says 'Let's connect & discuss the FUTURE' and 'ADVISORY BOARD'.

DANIEL KORNITZER  
Chief Business Development Officer  
PAYSAFE GROUP

Let's connect & discuss the FUTURE  
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*„Online payments will take precedent over in-person payments because of changes in consumer behavior due to COVID-19. 2021 will be the year of continued unprecedented growth in electronic payments with the distribution of COVID-19 vaccines“.*

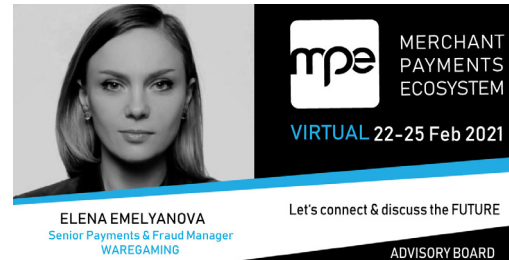


A speaker card for Zachary Powers. On the left is a black and white headshot of a man with a beard. To the right is a black box with the 'mpe' logo in white, followed by 'MERCHANT PAYMENTS ECOSYSTEM' and 'VIRTUAL 22-25 Feb 2021' in blue. Below the photo, the text reads 'ZACHARY POWERS', 'DIRECTOR OF PAYMENTS STRATEGY', and 'FAREHARBOR & BOOKING.COM'. To the right of this, it says 'Let's connect & discuss the FUTURE' and 'ADVISORY BOARD'.

ZACHARY POWERS  
DIRECTOR OF PAYMENTS STRATEGY  
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Let's connect & discuss the FUTURE  
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*„2021 will be the year of  
**CNP fraud decrease**  
thanks to **EMV 3DS**“.*



*"2021 will be the year in  
which the **omnichannel**  
**customer journey**  
became an urgent reality  
for the payments  
industry"*



*„2021 will be the year that **PSD2** comes into being **active in the market properly**. In that we will see for ecommerce transactions SCA coming in with all its complications and challenges and in open banking PISP payments starting to grow in volume and value“.*



*„2021 will be the year, when **consolidation** amongst payment companies will be at a truly global level“.*



*„2021 will be the  
year....of the  
**Omnichannel merchant**“.*



## Payment Industry **perspectives,** **Interviews** with MPE 2021 speakers



**Alan Moss**  
VP of Marketing  
**Miura Systems**



### **What are your tips on sessions you recommend other Merchant Payment Professionals to join at MPE2021?**

I would suggest joining sessions that cover how the world of payments has responded to the events of the past year, which look in detail at how merchants and technology suppliers have been able to adapt their offer to the new post-COVID 19 customer journey.

### **TRENDS in 2021- How the Pandemic is changing the Merchant Payments Ecosystem?**

The industry has managed to accommodate new ways to pay, driven by a massive increase in online, as well as mixed models, like Click & Collect or BOPIS. Above all, enabling strong growth in contactless and friction-free electronic payments.

### **What are the trends that will define the future of merchant payments in 2021?**

A continued acceleration of omnichannel commerce, with a customer journey that has become more online oriented, but with a still resilient focus on transacting instore or completing a transaction in a face-to-face environment. Strong growth in mobile wallets and QR code payment methods that straddle the ecommerce and bricks & mortar worlds. Increasing interest in instant payments and the ability to pay directly from a bank account.

### **CHANGING COMMERCE & CX 2020/ 2021: How the pandemic changed payment habits?**

The pandemic drove a massive growth in online buying as varying degrees of lock-down meant that consumers were reluctant to visit brick & mortar establishments on such a frequent basis, or could not go to high-street stores at all. Even the online world saw a major degree of re-balancing, with categories like home improvement and gaming showing huge increases, whilst the international travel and tourism sector fell through the floor. In general there was an accelerated move towards a real omnichannel consumer journey, with strong growth in click and collect or curbside and kiosk payments. Contactless card payments were a strong beneficiary, as well as mobile wallets or other ways of making touch-free payment, like QR-code driven apps.

### **INNOVATION DRIVERS: Regulation and compliance have driven modernization of payments before the pandemic. - Do you think that the next wave of merchant payments innovation will be driven by the changing needs of merchants and consumers?**

It would certainly be nice to see payment innovation

being driven by changing needs of merchants and consumers. I think largely, though, it will be innovation allowing merchants to respond to an increasingly expectation of being able to pay with whatever method best suits the consumers personal preference or location at any specific moment. At the end of the day, people choose payment methods that offer them convenience and provide trust. The challenge for merchants is how to provide acceptance for all the new ways to pay in a secure and economic manner, without adding friction to the customer experience.

### **And how Payment Providers should innovate in order to thrive in the digital era?**

Payment providers need to become much more omnichannel oriented, offering solutions that combine speed and convenience for consumers as well as benefits for merchants. You have to help merchants sell more, through loyalty or improved insights, or help them reduce their operating costs by managing payment flows in a more efficient manner or with less fraud.

### **NEW NORMAL: To thrive and grow in 2021, payment providers need a digital strategy that's ready for anything, including regulation, compliance, fraud & security. - How to stay relevant in the new normal?**

To stay relevant in the new normal means providing payment solutions that reflect and facilitate a new set of consumer expectations. This means less touch, less friction and above all a transaction experience that crosses channels and allows merchants to identify and connect with their customers, be it online, instore, or at the curbside. It also means less reliance on face-to-face human contact, more use of self-service kiosk technology and above all, more speed and convenience. Post COVID-19, no one once to hang around or wait a second more than they have to be served. Merchants need to recognize this reality, and also have their own reasons for wanting to keep customer throughput fast, but service-levels high.

### **FRAUD & SECURITY: - What is the impact of a pandemic on merchant payment fraud & security management and will it permanently affect fraud levels?**

Looking at the figures for online fraud, its clear that they increased in line with the dramatic growth in ecommerce sales. A sudden online jump like we experienced in 2020 opens a window of opportunity for fraudulent activity, especially given the need for retailers to maximize sales and counter-balance the instore downturn. This means that merchants now have to ensure that their ecommerce systems are not only able to handle a stronger flow of traffic, but also provide a higher degree

of protection against fraud. Anti-fraud measures need to be more robust and intelligent – no one can afford to cause customer insult in the post COVID-19 era.

#### **How the frequency and severity of fraud attacks will change in 2021?**

The frequency of attacks will continue and they may be harder to identify – especially since retailers need to balance strong user authentication with the imperative of providing a seamless and friction-free shopping experience. Given the need to retain customers and drive traffic, the focus will be on prioritising sales and customer loyalty at all costs, so this means that fraud reduction will not naturally be top of mind.

#### **How do you see new chargeback challenges caused by the pandemic?**

The pandemic has given rise to new currents and destabilized the online world. In the rush to drive ecommerce sales at all costs, questions related to operational efficiency may have been deprioritized. Chargebacks are a good example of this, and with an increase in web-site traffic and new transaction types and use-cases, there will be an inevitable rise in the number of chargebacks. Having an influx of new customers, makes it harder for merchants to identify genuine vs suspect user behaviour, and justify legitimate transactions in the face of

increased claims and chargebacks.

**NEW PAYMENT SOLUTION:** New Payment Solutions like, Buy now pay later, or "BNPL" are growing in popularity during the pandemic as they enable consumers to pay for purchases over a short time with no interest and a small starting payment. - What are the expectations of merchants in terms of payment solutions and extended Value Added Services helping them better serve their customers?

Merchants are looking to offer their customers choice and flexibility. With a tougher economic environment, consumers will be more interested in the ability to delay or split payment, without incurring extortionate interest rates on credit card balances. This particularly applies to the younger generation of consumers who are particularly averse to traditional revolving credit cards. By the same measure, many SMEs and smaller merchants will be interested in benefiting from business loans or cash advances that can be directly secured and repaid through the card transactions they process. Additionally, with the inevitable drop in footfall, merchants will need tools that help them be more creative in attracting customers online or instore and enable them to connect better with their customers. This means more loyalty, surveys, e-receipts and other ways of driving increased sales and keeping customers coming back for more.



Housseem Assadi  
CEO  
deJAMobile

## **How the Pandemic is changing the Merchant Payments Ecosystem?**

Brick & mortar merchants need to adapt quickly. We notice an outstanding and quick evolution of those merchants towards omnichannel approaches (e.g. Click&collect).

Regarding in-store payments: contactless and touchless is the new normal

More and more consumers are converted to e-commerce and new ways of shopping (e.g. click & collect), this will definitely shape our uses and the Merchant ecosystem for the next few years.

## **What are the trends that will define the future of merchant payments in 2021?**

I can foresee three trends at least: omnichannel; flexible checkout options; contactless & touchless payments

## **How the pandemic changed payment habits?**

More and more consumers are converted to e-commerce and new ways of shopping (e.g. click & collect). Consumers and merchants are now familiar with contactless & touchless experiences, including paying with digital wallets on Smartphones and connected devices

## **INNOVATION DRIVERS: Regulation and compliance have driven modernization of payments before the pandemic. Do you think that the next wave of merchant payments innovation will be driven by the changing needs of merchants and consumers?**

yes, definitely!

- Consumers are willing to use their Smartphones and connected devices to shop and pay. They are looking for fast, convenient and safe (not only technically secure!) payment options.
- Merchants need to reinvent the shopping experiences, offer seamless omnichannel and cross-channel experiences.

## **And how Payment Providers should innovate in order to thrive in the digital era?**

by offering more flexible, digital first, solutions; while keeping in mind the necessary balance between a seamless UX and a high security level.

Moreover, given the increasing technical complexity of the solutions needed to meet the consumers and merchants expectations, vendors need to keep improving and controlling the quality of their solutions AND their compliance.

## **NEW NORMAL: To thrive and grow in 2021, payment**

## **providers need a digital strategy that's ready for anything, including regulation, compliance, fraud & security. - How to stay relevant in the new normal?**

by allowing their Customers (Merchants, Acquirers...) to bring to the market the best services quickly and efficiently. A vendor will stay relevant for its Customers by keeping things simple: „ As a Vendor, I take care of the technical complexity, of the certification and security compliance to allow you, my Customer, to focus on delivering the best possible shopping and payment experience to your own customers”

## **NEW PAYMENT SOLUTION: New Payment Solutions like, Buy now pay later, or "BNPL" are growing in popularity during the pandemic as they enable consumers to pay for purchases over a short time with no interest and a small starting payment. - What are the expectations of merchants in terms of payment solutions and extended Value Added Services helping them better serve their customers?**

I am not able to give a complete answer to this, but let me at least highlight some expectations: Merchants need to propose seamless omnichannel and cross-channel experiences. Consumers are able today to manage a „channel mix” when shopping. They can easily shop in their preferred brick & mortar supermarket one day and go for a click&collect experience with the same merchant the following day. And of course, they do expect a perfect experience in both cases! In this context, Merchants need to adapt the user journeys they are proposing, with a specific focus on the checkout experience, to make it seamless and safe.



# Jeremy King

## Regional Head for Europe PCI Security Standards

### **What are your tips on sessions you recommend other Merchant Payment Professionals to join at MPE2021?**

Even though the event is online this year the organizers have done a great job pulling together an excellent agenda covering a wide spectrum of topics on the payments industry. So it really depends where your interest lies. I know last year there was a lot of interest in mobile payments and I am looking forward to participating in the SoftPOS/Smart POS session. As someone working in payments security I will of course be attending all the sessions tackling security. Finally I am very interested to hear forward-looking insights from the industry so the opening session of the event 2020 Chaos an opportunity for 2021 will be a must.

### **TRENDS in 2021: How the Pandemic is changing the Merchant Payments Ecosystem?**

The COVID-19 pandemic has led to significant changes in how business is conducted. Working remotely has become the norm for most businesses. The PCI SSC recognized this early on in the pandemic and issued guidance for protecting payments while working remotely. We also provided help and guidance to smaller merchants. With regards to payments, many businesses have embraced mobile and contactless payments. This continues to be a priority for the PCI SSC and last year we provided the industry with important updates. The development of a new standard in mobile payments will be a priority in 2021 for the PCI SSC.

<https://blog.pcisecuritystandards.org/protecting-payments-while-working-remotely>

<https://blog.pcisecuritystandards.org/8-tips-for-small-merchants-protecting-payment-data-during-covid-19>

<https://blog.pcisecuritystandards.org/maintaining-pos-device-security-and-cleanliness>

### **What are the trends that will define the future of merchant payments in 2021?**

With the changing nature of how consumers use payments, the PCI SSC will continue to prioritize mobile payments and software security. As part of this PCI SSC is continuing to focus on mobile payment security standards to expand the range of payment acceptance opportunities available to merchants.

In 2021 the PCI SSC will be prioritizing DSS publishing version 4.0 of the PCI Data Security Standard (PCI DSS). The update of our Data Security Standard (DSS) will be our biggest news in the payments industry in 2021-22. The PCI DSS v 4.0 is currently under development and has received significant industry feedback and input via our Request of Comments (RFCs) process. Our first RFC for the PCI DSS in 2020 generated over 3,000 comments from industry stakeholders. We are currently reviewing and responding to feedback from the second RFC which concluded in November adding another 1800+ comments.

The final area of significant focus is developments with software security. PCI SSC will continue to educate the marketplace about our Software Security Framework as we move towards the retirement of the Payment Application Data Security Standard (PA-DSS) program which is scheduled for October 2022.

<https://blog.pcisecuritystandards.org/a-view-into-feedback-from-the-pci-dss-v4-0-rfc>

<https://blog.pcisecuritystandards.org/how-to-successfully-transition-software-from-pa-dss-to-the-pci-secure-software-standard>

**CHANGING COMMERCE & CX 2020/ 2021: How the pan-**



## **pandemic changed payment habits?**

The pandemic has forced many businesses to shift to contactless payments and online payments. For many businesses this was a significant event. According to a Visa Back to Business study, 20% of small and medium size businesses have implemented alternative payment solutions\*. The PCI SSC has provided guidance to small merchants on how to better protect their payment data. We have also taken a leadership role in educating the market place about growing threats such as online skimming attacks.

\*<https://www.forbes.com/sites/forbesfinance-council/2020/11/20/contactless-payment-systems-are-on-the-rise-as-pandemic-changes-consumer-habits/?sh=7eae713e123>

<https://blog.pcisecuritystandards.org/8-tips-for-small-merchants-protecting-payment-data-during-covid-19>

<https://blog.pcisecuritystandards.org/beware-of-online-skimming-threats-during-the-covid-19-crisis>

## **And how Payment Providers should innovate in order to thrive in the digital era?**

Consumers want simplicity, ease of use and security, and those three topics do not always sit hand in hand. At the council in cooperation with our global stakeholders we have developed our new Software Security Framework to help ensure our standards can support modern software developers, and why we are focussing on our mobile security range of standards to enable Merchants more options for acceptance of payments using mobile solutions.

## **Do you think that the next wave of merchant payments innovation will be driven by the changing needs of merchants and consumers?**

I don't know who will drive the next change in payments, but I am sure that the rate of change in the payments sector will continue. For a Security Standards organization keeping up with the pace of change is a significant challenge which is why we work hand in hand with merchants and other entities to address this the rapid evolution by making our standards increasingly flexible without sacrificing strong security practices. Flexibility is a key factor in the updating of our PCI Data Security Standard which is due for release this year.

It is also why the PCI SSC continues to work closely with all industry sectors to ensure that regardless of the technology cardholder security remains front and centre, and why I find the MPE such an essential must attend event, as this is where you find out the latest trends and developments.

**NEW NORMAL: To thrive and grow in 2021, payment providers need a digital strategy that's ready for anything, including regulation, compliance, fraud & security. - How to stay relevant in the new normal?**

That is an excellent question, from the PCI SSC's perspective we do that through our community. We have recently announced the members of our newly elected Board of Advisors and are delighted by the global range of organizations represented on the new board. This group will help inform, challenge and guide the PCI SSC to be aware of drivers in the payments sector. Being involved as a Participating Organization provides a great opportunity for organizations to help influence and support our standards and programs.

## **FRAUD & SECURITY -What is the impact of a pandemic on merchant payment fraud & security management and will it permanently affect fraud levels?**

COVID-19 has presented a golden opportunity for fraudsters and they have pounced at the vulnerabilities that have been created by the pandemic. Numerous studies have shown that fraud attempts are on the rise. A report by Javelin Strategy & Research and SAS last year of global digital fraud trends showed an alarming 35% increase in fraud attempts\*. That same study also found that fraud attempts are increasing in sophistication and are becoming more difficult to detect.

The PCI SSC established a COVID-19 webpage dedicated to addressing a range of issues that are impacting our industry during the pandemic. With fraud attempts on the rise, adherence to security standards and making payment security a top priority is more important than ever.

\*<https://www.prnewswire.com/news-releases/study-digital-payments-fraud-surges-during-pandemic-301155991.html>

<https://www.pcisecuritystandards.org/covid19>

## **How the frequency and severity of fraud attacks will change in 2021?**

While nobody knows for sure, it is likely that as the pandemic continues in 2021, fraud attacks will continue as well. With fraud attacks continuing to be more and more sophisticated, businesses need to be on high alert and mindful of good security practices especially when their staff are working remotely.



# Oscar Berglund

## CEO

### Trustly

#### **CHANGING COMMERCE & CX 2020/ 2021: - How the pandemic changed payment habits?**

We have certainly seen the pandemic affect consumer behavior. Like so many other trends, we expect these changes to steadily continue in the months and years to come.

In the past year, 18%<sup>1</sup> of shoppers have made their first purchase online. Some reports show that up to 38%<sup>2</sup> of consumers have tried a new payment method during the pandemic.

We also see that consumers are increasingly paying off debt, due to the uncertainty of their financial situation. Gaining more control of their spending is a bigger priority than consumption.

So, debit options are becoming an increasingly attractive way to pay. Trustly surveyed 10,000 European consumers in late 2020 and a majority of the respondents said they prefer to pay for online purchases by debit. This is mainly due to the fact that they find it more convenient since they don't have to think about paying invoices or credit card bills later. Another key reason is that consumers want to be in control of their spending.

#### **NEW NORMAL: To thrive and grow in 2021, payment providers need a digital strategy that's ready for anything, including regulation, compliance, fraud & security. - How to stay relevant in the new normal?**

As online shopping demand soars, a superior customer experience is key to winning and retaining shoppers – that's nothing new. But as payment trends shift rapidly, businesses need to make sure that superior CX extends all the way through the payment and refund process.

This is especially critical for young consumers who have

specific needs which differ quite a lot from earlier-generation shoppers. As digital natives, they have less trust in online stores that they perceive as insecure, and they have less tolerance for friction.

For this reason, they are more likely to drop out and abandon purchases. They prefer debit to a large extent and prioritize biometrics as their identification method. When it comes to returns, these shoppers will most often wait until they have received a refund before making a new purchase, illustrating the need for instant pay-outs of refunds.

In terms of regulation, staying compliant is a big challenge, especially for multinationals and merchants in Europe, who are required to accept payments across the entire EU. This is where Online Banking Payments potentially offer a big win for merchants.

By working with a partner who can enrich payments with data such as the name of the payer and driver quicker reactivation of the customer by means of instant refunds, the merchant gets a lot more value beyond payment initiation. It is important for merchants to research the capabilities of payment solution vendors – not all providers of payment initiation services are created equal.

#### **NEW PAYMENT SOLUTION: New Payment Solutions like, Buy now pay later, or "BNPL" are growing in popularity during the pandemic as they enable consumers to pay for purchases over a short time with no interest and a small starting payment. - What are the expectations of merchants in terms of payment solutions and extended Value Added Services helping them better serve their customers?**

Consumers have made a big leap in 2020. For instance, due to necessity, the older generation has started to shop online. We have also seen an overall increase in online shop-

ping because it is the safest, and sometimes the only, available option.

This growth trend puts pressure on merchants to meet new demand and serve a totally new group of consumers. Merchants will expect more from their payment providers to bridge the gap between consumers' expectations and their priorities.

For instance, offering the right local payment methods is very important for merchants that want to expand their business across Europe. In certain countries, consumer payment preferences are very strong. It can be a real deal breaker if these consumers don't see their favorite option on the checkout.

Due to the increased volume in online orders, merchants need to find a way to improve operational efficiency regarding payment reconciliation, chargebacks and returns/refunds. Streamlining those processes will free up resources for marketing, support and customer acquisition, and in general, it will improve the whole customer experience. All of this is what I think must be a natural value added service provided to merchants in 2021.

**What are your tips on sessions you recommend other Merchant Payment Professionals to join at MPE2021, Feb 22-25?**

**Day 2, Session 3: "Merchants in the year of big change"**



**What are the trends that will define the future of merchant payments in 2021?**

One trend that will impact merchant payments in 2021 is the rising data-awareness required in every business

Oscar's comment: Consumer behaviors are changing, buying online is growing faster than ever. Merchants need to provide seamless payments and provide value adding services to gain competitive advantage. This LEADERS DISCUSSION seems to be a good forum to get your answer on what to focus in 2021.

**Day 3, Session 2: "Digital identity, Biometrics and tokenisation" or the "3DS/SCA for merchant only"**

Oscar's comment: In a global shopping era, price is no longer the only decisive factor for the consumer. Behavior shows that consumers are looking for a safe and convenient way to pay with a frictionless experience from the moment they enter the shop. With the enforcement of the SCA legislation rolling out in different countries from January 2021 and onwards, I believe that SCA, biometrics and digital identity are topics to follow closely.

**Day 3, Breakout room Session: "Payment localization and Crossborder payment"**

Oscar's comment: Payment localization is very important for every merchant that wants to expand and improve their conversion in their checkout. Cross-border payments can be a headache for the merchant, but Online Banking Payments could support your expansion and add relevance to your cross border payment mix. If in this breakout session, you can ask the experts how to leverage Online Banking Payments.

<sup>1</sup> Paysafe insights: Lost in Transaction: The impact of COVID-19 on consumer payment trends

<sup>2</sup> Capgemini World Payment Report 2020

## Alfredo Soria

### Corporate Partnerships Fintech Europe at Plug and Play Tech Center

## Plug and Play

activity. More specifically, data linked to merchants' activity needs to be transformed into useful and actionable analytics. Some solutions in the field are offered by GoodData and Hanzo. The former has developed an end-to-end BI platform for merchants that allows them

to integrate different sources of data and turn them into powerful insights and ML-driven predictions. The latter focuses on online business with its AI-powered marketing engine. This system empowers users to incorporate big data into improved decision analytics and foster scalability and growth.

A second trend to emphasize is the expansion of the portfolio of available payment solutions, driving users away from plastic cards and other traditional means of payments. Among all the innovative ideas available, one that will probably be very impactful is digital wallets. According to the 2020 Global Payments Report by Worldpay, the embracement of digital wallets is becoming increasingly more significant, especially on online channels. In the US, 24% of the amount spent on e-commerce platforms was represented by digital wallets, while the same method was only used for 6% of spend at the POS. Digital cards are still the preferred mean of payment, but their hegemony is not built to last. By 2023, digital wallets are projected to account for over 36% of e-commerce transactions.

A third trend is the collaboration with external players. Large corporations are focused on building an end-to-end great customer experience. Startups, however, focus on a very specific stage of the customer experience - thus, they become really good at solving particular pain points. Corporations have found that collaboration with these emerging companies is key to stay relevant: it's faster, cheaper and more efficient than trying to cover everything internally. At Plug and Play, we match corporations with these future-thinking startups.

### **CHANGING COMMERCE & CX 2020/ 2021 - How the pandemic changed payment habits?**

The pandemic has heavily impacted payment habits in physical stores. For example, COVID-19 fostered the need to deploy checkout-free technologies at the point-of-sale. These types of solutions allow customers to limit contact as much as possible during the payment phase and enjoy a frictionless shopping experience.

Grabango is a useful example to mention in this context. It offers checkout-free technology for large-scale grocery and convenience store chains. Customers can simply walk out after scanning the code with the Grabango app.

**INNOVATION DRIVERS. Regulation and compliance drove the modernization of payments before the pandemic. Do you think that the next wave of merchant payments innovation will be driven by the changing needs of merchants and consumers?**

As in any other tech-jolted sector, innovation in the mer-

chant payments area should reflect the evolving needs of merchants and consumers.

As new generations are entering into their "consumer stage", new and more complex demands will arise and the only chance to survive is being able to predict and implement efficiently and effectively these demands.

### **And how Payment Providers should innovate in order to thrive in the digital era?**

In order to prosper in the digital era, payment providers should be able to build a more seamless and agile payment infrastructure, allowing for settlements to happen in real-time and cross-border.

For example, Mastercard participated in Episode's Six \$7M Series A funding round (\$10M in total funding). The Austin-based startup provides a comprehensive financial technology platform to create differentiated financial and payments products for consumers and businesses. Their offer also allows for real-time payments (through the adherence to ISO20022) including fraud and compliance checks and customer insights.

### **NEW NORMAL- To thrive and grow in 2021, payment providers need a digital strategy that's ready for anything, including regulation, compliance, fraud & security. How to stay relevant in the new normal?**

Payment service providers need to keep security and compliance at the core of their innovation agenda. Leaders in the markets have been investing heavily over the past years in startups that will shape a safer future in the payments landscape.

For example, American Express Ventures invested in Everc C, in a \$35M Series B round. EverC specializes in transaction laundering detection and prevention. Another example is provided by PayPal Ventures, which participated in Arkose Labs' Series B round of \$20M. Arkose Labs offers different solutions in the fraud prevention field.

**NEW PAYMENT SOLUTION - New payment solutions like the Buy Now Pay Later (BNPL) trend have grown in popularity during the pandemic. They enable consumers to pay for purchases over a short time, with no interest and a small starting payment.**

**What are the expectations of merchants in terms of payment solutions and extended Value Added Services helping them better serve their customers?**

Merchants can now exploit a wide range of payment-related value-added services that can be offered to consumers at the point of sale, further cultivating the idea of

a fully integrated and enhanced retail experience. Some key areas for which these services are provided are lending, loyalty and insurance.

The buy-now-pay-later lending solutions can significantly increase revenues for merchants by reducing the number of incomplete transactions, increasing conversion rates, boosting average order values, and facilitating repeat purchases from consumers. In this space, leaders like Klarna and Affirm, with \$1.9B and \$1.8B in funding respectively, have witnessed the entrance of new players in the space worldwide, like Paidy and Bread.

In terms of loyalty programs, modern technologies allow merchants to deliver tailored offers for their customers. These offers are based on a deep data-driven approach,

which supports businesses by anticipating the types of products, services and experiences that will keep customers coming back to make additional purchases. Some leading-edge startups in the field are SpotOn and FiveStars.

Lastly, insurance for purchased products is another value-added proposition that can be easily integrated at the checkout. One of the key solutions in this area is Bsurance, which has built a system of cloud-based insurance products to be offered to customers directly at the point-of-sale. These products are tailorable for any product or service through APIs that connect seamlessly and in real-time to the merchant's platform and manage the claims process in a fully digital way.



## Andrew Mortland

### Vice President Product

### Accertify Inc.

#### **What are your tips on sessions you recommend other Merchant Payment Professionals to join at MPE2021?**

We recommend attending Session 2: Digital Identity, Biometrics & Tokenisation on Wednesday, 24th February 3:30 – 4:30pm Central European Time. The session will elaborate on how to best protect the consumer identity from fraud on the digital channels. It will expand on authentication and authorization technologies available to balance the security and simultaneously not obstruct the customer experience for digital interactions and transactions.

#### **FRAUD & SECURITY:**

#### **What is the impact of a pandemic on merchant payment fraud & security management and will it permanently affect fraud levels?**

Nearly a year into COVID-19, the shift to online commerce has been accelerated across a variety of industries. While growing transaction volumes, increasing online sales, and larger numbers of new online shoppers can be a benefit to merchants, they have also created a unique environment for new fraud and cyber attacks. With more online shoppers than ever before, this can pose an even greater risk: People less familiar with safeguarding their credentials and card details, and those unaware of proper password hygiene can create new targets for criminal behavior.

Fraud attack rates often rise in times of economic uncertainty, and when coupled with pre-pandemic trends, it's estimated that online payment fraud could cost e-commerce merchants upwards of \$25 billion annually by 2024<sup>1</sup>. We – as an industry – should prepare ourselves for a new and higher baseline of fraud attack rates.



In our current environment, it's more important than ever for all online businesses to understand the growing risk of online payment and account takeover fraud and the need to employ solutions to effectively intercept malicious behavior without disrupting these new online consumers. Even in the face of a pandemic, this can be done without negatively impacting your sales and allow you to still offer a seamless customer experience.

### **How will the frequency and severity of fraud attacks change in 2021?**

As the number of account-centric attacks continue to rise, all signs suggest that online Account Takeover (ATO) fraud may reach an all-time high in 2021 – for reference, in a non-COVID environment in 2019, Account Takeover attacks cost e-commerce retailers \$16.9 billion in losses.<sup>2</sup>

In addition, criminals are finding new ways to attack businesses “beyond the payment”. In other words, loyalty fraud, refunding fraud, promotional abuse are all becoming increasingly common for online merchants across a variety of industries. Each of these types of attacks are designed to take advantage of businesses that do not comprehensively monitor all account interactions.

Fraud Prevention teams are tasked with finding the right technologies to help them make more accurate decisions and detect ATOs. In the past, companies mainly focused on protecting checkout pages, but more recently have learned the importance of monitoring users from the moment they enter a site. Accertify's new Digital Identity solution uses machine learning to help recognize patterns of valid interactions across all pages that users interact on. This allows us to recognize trusted users, while also identifying account takeover fraud and account origination attacks, such as automated bot attacks and human-driven hacks.

For more information on ADI, you can visit: <https://www.accertify.com/products/digital-identity/>.

### **How do you see new chargeback challenges caused by the pandemic?**

As online trends continue in 2021, merchants are being forced to adopt new strategies for their e-commerce presence in light of unexpected volume increases. While this trend may help boost their bottom line if successful, it could also increase their likelihood of receiving a chargeback due to changing delivery processes, unexpected service interruptions, possible government mandates, and other factors. To effectively navigate these challenging times, merchants should have a holistic

chargeback management solution in place.

- The first step is to try and prevent chargebacks in the first place. Merchants should communicate cancellation policies to ensure individuals are not taking advantage of relaxed policies in a way detrimental to the merchant. In addition, services, such as Ethoca Eliminator or Verifi Order Insight (VMPI) provide the issuer with an overview of policies governing the order and can deflect buyer's remorse and friendly fraud chargebacks.
- The second step is for merchants to have a chargeback management strategy in place to help consolidate all of the order data, service/delivery data, and policies governing the transaction. This allows you to quickly handle friendly fraud and customer service chargebacks, as well as automate the representation process and use technology and not people where appropriate. The new world of workers being virtual creates challenges around PCI and access to PII data and so any way a merchant can automate and remove the need to access data helps in productivity and in reducing risk of data exposure for the business.

By implementing the above, merchants can be better positioned to adapt to the new norm and focus on increasing win rates, and remain flexible to handle unexpected business interruptions. For Accertify clients this means most merchants realize optimized efficiency and save money by trimming time spent dealing with chargebacks by up to 50%\* compared to industry standards.

About Accertify: Accertify, Inc., an American Express company – is a leading provider of fraud prevention, chargeback management, digital identity, intelligent authentication (SCA) and payment gateway solutions to customers spanning e-commerce, financial services, airlines, travel, ticketing and entertainment industries worldwide.

Accertify's layered risk platform, machine learning backbone, and rich reputational community database enable businesses to address challenges across the entire customer journey without impacting the customer experience. For more information, visit: [www.Accertify.com](http://www.Accertify.com).

<sup>1</sup> Juniper Research whitepaper: Fighting Online Payment Fraud in 2020  
<sup>2</sup> <https://threatpost.com/account-takeover-fraud-online-retailers/159802/>

\* Results based on Accertify clients during the period Jan – October, 2020.



# Changing the landscape of POS



F20



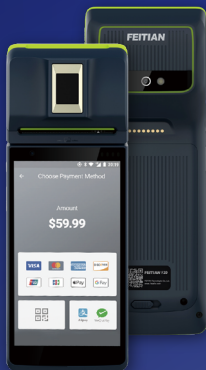
F300



F800



F100



F20 FP



ePayPOS600



T10



F100 FP

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## Blog Posts & Perspectives by MPE speakers

# The trends that defined 2020, and opportunities in 2021



**Daniel Kornitzer**  
Chief Business  
Development Officer  
**Paysafe**

My heart goes out to all that have been impacted by the pandemic, health-wise, on a financial level, or due to social isolation. COVID-19 has also had the perverse effect of increasing differences and disparities, including tech giants' profits surging in stark contrast to many small businesses closing their doors for good, or having to deal with significantly reduced turnover.

There are many social consequences of COVID-19 and underlying inequality as well. One example of this is the rising gap in school performance between haves and have nots, with a recent study showing 30% of kids are at risk of failing vs. the historical average of 10%. It is not hard to understand the hardship of remote students living in cramped/noisy quarters with poor internet access and parents often more concerned with subsistence than education.

Thankfully, the pandemic has also resulted for many in a time of self-discovery and personal growth, with people taking online courses for work skills, hobbies, languages, contemplating career moves, exercising more, trying to eat better/cooking their own meals, as a way to make up for all the stress and anxiety.

In this context, digital payments and fintech play a big role in enabling commerce and the delivery of services, hopefully alleviating some of the issues above for both consumers and small businesses. In KBW's words: "fintech is 21st century finance, not a type of company or subsector of financials."

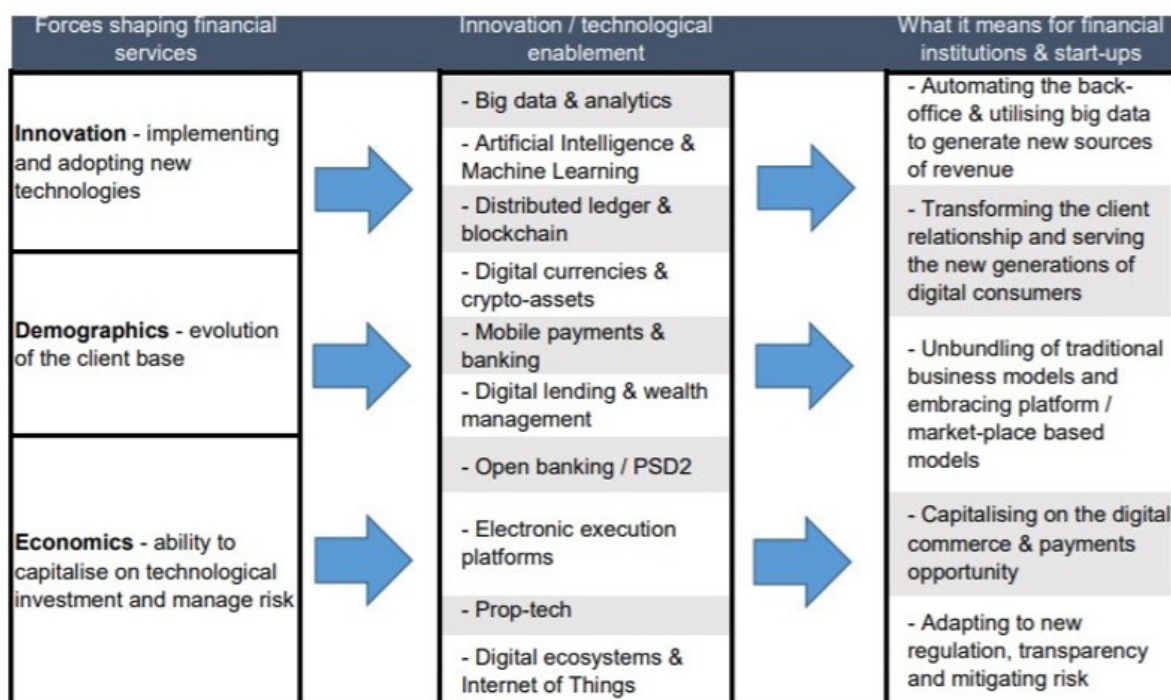
From our industry's perspective, we have seen an incredible acceleration of digital transformation in 2020 in areas including:

- The acceleration of eCommerce
- Growth of local and alternative payment methods
- A surge in contactless payments adoption
- The proliferation of omnichannel payments
- Continued industry consolidation

### The defining trends of 2020

[McKinsey calls it the quickening](#)<sup>1</sup>: US eCommerce grew ten years in three months, rising from 15% to over 30% of all commerce. Certainly we will see this spike subside a little once COVID-19 is no longer a factor in our lives, but much of it will stay, as confirmed by [Paysafe](#)

**Figure 1: KBW's Fintech manifesto framework**



Source: KBW research.

[LiT](#)<sup>2</sup> research, in which 38% of consumers, globally, said they will continue do more online transactions, post pandemic.

Local and alternative payments, such as wallets and eCash, have also become even more relevant, with 56% of global consumers mentioning that they used a new alternative payment method in the first month of the pandemic, according to [Paysafe's LiT](#) research<sup>2</sup>.

The explosion in the use of contactless has been undeniable, and nowhere has this been more evident than in the US, which, unlike UK/EU, Canada and Australia, was behind in NFC-enabled card and POS market penetration. Moreover, the emerging "contactfree" trend is one where there is no cashier at the store, such as in Amazon Go. It is early days, but there appears to be increased appetite for it, given the current social distancing considerations.

The push for online and mobile commerce also highlights the importance of omnichannel: providing consumers with a seamless and enjoyable experience, regardless of whether they purchase in-store or remotely. This also requires merchants to have an integrated back office so that, for example, consumers can do in-store returns for online purchases, or use the same in-file tokenized cards for purchases, regardless of channel.

Lastly, we have continued to see consolidation in the digital payments space, with ongoing M&A activity, particularly in Europe, in the last few months.

### What is coming next in 2021?

Looking ahead to 2021, here are five trends that are worth keeping an eye on:

- Crypto coming of age
- Banking as a service
- Super-apps: payments, credit, insurance, investment
- Growing influence of AI/ML
- Digital identity

Crypto seems to be coming of age. In a recent [Pantera Capital note](#)<sup>3</sup>, the analyst pointed out that Bitcoin has generated a community of 100 million active users in only 12 years. Soon hundreds of millions more consumers will be able to buy and use cryptocurrencies via financial apps they are already familiar with. It feels like a firm step towards expanding crypto's scope beyond speculation to, potentially, investment, asset protection, and eCommerce use cases.

Banking as a service (BaaS) is powering a new cohort of fintech service providers, but more importantly, it is being adopted by some of the world's largest tech companies, notably Google with its Plex announcement and

Apple with its card. The combination of powerful technology and lower cost base is certain to enable companies to serve the underserved and expand financial inclusion. BaaS leverages Open Banking, but it is much more: a complete platform for end-to-end banking services, including technology, as well as licensing and compliance. To put it into perspective, BaaS is to banking what cloud services are to Dev/IT.

Despite the fact that [AliPay's planned IPO](#)<sup>4</sup> was suspended, its 674-page prospectus lays out the blueprint of an impressive strategy, based on four pillars of growth:

**Digital Payments** This ranges from the full gamut of e-wallet services to B2C, P2P, B2B, domestic and cross-border payments, linked debit and credit cards, QR code, in-app, web payments and smart POS terminals

**CreditTech** Serving consumers' and SMBs' unsecured credit needs. AliPay has developed their own credit scoring service.

**InvestmentTech** Including features like instant redemption of investments and AI-powered customized recommendations (i.e. advisory services)

**InsureTech** Affordable, easy-to-understand and user-friendly insurance products (à la Lemonade)

It'd be easy to dismiss this vision as something that is

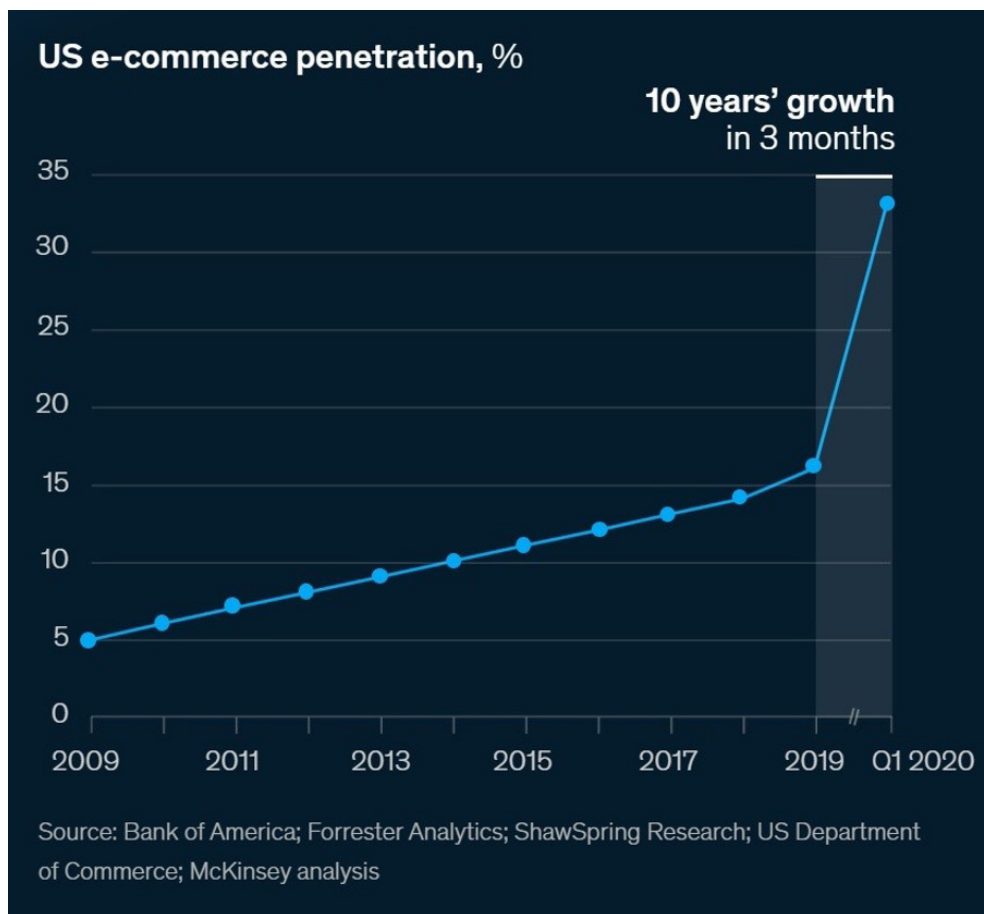
only applicable to Asian markets, but in Europe and North America, we are also seeing a remarkable convergence as players rebundle their services and start looking more and more like each other, regardless of whether it is a digital wallet adding crypto, remittances and stock trading; a wealth management company adding crypto, lending and bank accounts; a crypto wallet adding stock trading; or a neobank adding insurance, stock trading and lending. It appears everyone wants to be THE money app (or super-app) for all consumers.

And this brings us to the growing role of AI/ML, as this vision must be underpinned by a solid technological infrastructure, including intelligent decisioning systems, dynamic risk management and compliance, mass customization (feeds, recommendations, offers, recognition) as well as massive, cloud-based computing power. Digital identity is an area that has been crying for disruption. The current systems, where consumer data is stored in multiple places, exposes companies to the risks of breaches. Instead, a coalition or federated system could be faster, cheaper and almost impervious to breaches, as no single location or repository would contain all the data sought by the fraudsters, making it extremely hard for them to get any use from stolen data.

In summary, lots of great opportunities to innovate and grow in 2021. And, as an added bonus, The Harris Poll believes that there are \$2 trillion sitting on the sidelines, waiting to be spent as the health crisis eases ... 53% of consumers miss sports, 51% miss movie theaters, 44% miss flying. When the "savings dam" breaks, there will likely be lots of revenge/splurge spend.

### Looking ahead

Circling back to my opening paragraph, I trust that, as an industry, we will also be able to help both struggling SMB and the underprivileged better cope with the challenges brought about by the pandemic. After all, our success will be meaningless if it is not accompanied by that of the communities in which we live.





# The role of payments in the post pandemic recovery



Paul Rodgers  
Chairman  
Vendorcom

If 2020 showed us one thing, it is that the ability to make transactions to both sustain the economy and, more fundamentally, ensure that basic, essential items can be easily procured, must be resilient, trusted yet flexible and responsive to changing conditions. Whilst this is true of both B2B and B2C, it is particularly in the merchant payments ecosystem that we have seen a seismic shift in the past 10 months.

Online commerce has been catalysed by Covid and the dramatic increase in both value and volume of payments has outstripped any expectations, bringing 10 years of predicted growth in 10 months. Whilst some of the dramatic features of the Covid culture maybe temporary, many of the changes that we now see in how we transact will be permanent. Whilst I'm sure we will hold onto some of the benefits of meeting electronically using Teams or Zoom, I am confident that we will get back as soon as we possibly can to meeting physically where possible. When we look at the dramatic changes in e-commerce, however, many of the changes in behaviour are more likely to have a greater degree of permanence. As with all potential new trends, it's important to analyse the detail and as I have assessed the world of e-commerce compared to even 12 months ago, it is clear that we have introduced a new demographic to that channel that is likely to be stickier than other demographics which have been more familiar users with e-commerce in the past.

I'm speaking, primarily, of the over 70s who, whilst their potential significance has been recognised in the past in the term 'silver surfers', their contribution to online commerce had remained relatively low. These, more traditionally, face-to-face shoppers have been forced by lockdown and shielding requirements to get over their fear of e-commerce and have found it to be far from the scary place they had supposed.

What the payments sector must realise, however, is that, when it comes to payments, this demographic is more comfortable with the familiar payment token that they have been using in store for the past 40-50 years, ...and that means cards! One key question that the payment sector must ask itself is, 'Will this new e-commerce demographic be easily converted to alternative payment methods?' Will they move from cards to bank-based payments when the headlines they read focus on their cohort losing money to scams based on direct bank transfer.

Now that this demographic has found the benefits of shopping online, what will take them back in store? They have seen that their fears are unjustified, and they have found new choice in the online channel.

I believe that now that the pandemic has compelled these valuable consumers to change their habits, e-commerce merchants and their payment solutions providers

must ensure that nothing adversely affects the experience they have had during the pandemic.

As electronic payments have catalysed the economy during 2020, payment processing organisations now find themselves centre-stage as the powerbrokers of day-to-day transactions. The position reflects the value of the investments made by both the traditional fintechs, who have been creating an unparalleled infrastructure and ecosystem for the past 50 years, and the neo-fintechs who have sought to transform the payments world in the past 10 years by embracing more distributed, more evolved, component-based technologies. The post-pandemic payments world will need both, working in concert to underpin our economic recovery and ensure all demographics of citizen-consumers are offered the most flexible and future-focused payment systems by merchants.

Hopefully governments and regulators will recognise the role that the payments world has played in the past 10 months and will be supportive of the innovation that is waiting in the wings. The larger payments platforms find themselves at the heart of everyday commerce and that places a huge responsibility on the leaders of these organisations. We have seen, in recent weeks, that Big Tech remains in the firing line as the leading players flex their muscles, banning former presidents from their platforms or threatening to withdraw services to maintain their unique status in the data and knowledge market. Similarly, I see the battle lines being drawn as 'Big Pay' asserts its role in the economy, and governments and regulators struggle to see that the citizen-consumer values these 'free' services to the point where the pull-through effect of end-user demand will be the most important factor on the role of post-pandemic payments.

## Industry News - M&A

# Konsentus acquires Open Banking Europe from PRETA



UK, 18th January 2021: Konsentus announced today that it has acquired Open Banking Europe S.A.S. from PRETA.

Open Banking Europe S.A.S., a 100% owned subsidiary of Konsentus Limited, will remain a separate operating entity which will continue to be led by John Broxis. The software solutions of Open Banking Europe will be directly integrated into the Konsentus business.

Formed in June 2017, the Open Banking Europe (OBE) initiative has been hugely successful in bringing together market participants to turn regulatory requirements into operational reality. The initiative provides its members with a collaborative environment to identify market issues and problems, championing awareness and creating solutions via guidance,

standards and tools.

Konsentus was launched in 2018 to enable the safe and secure exchange of data and funds complying with PSD2 open banking access to accounts. The Directors, Mike Woods and Brendan Jones, recognised the need for a real-time, online solution to protect financial institutions against PSD2 Open Banking fraud. This also presented them with a global opportunity to be a leader in the provision of solutions and services for open banking, finance and data.

Like Konsentus, OBE identified the need for a single, standardised, trusted and machine-readable repository of regulatory data related to third-party providers (TPPs), which led to the set-up of the OBE 'Regulatory Directory'. The Directory consolidates information from the National Competent Authority registers, making it available in a way that is easy to access and process. It is used by over 500 of the largest financial institutions across Europe to support PSD2 access to account compliance processes.



Through a close co-operation with Konsensus over the coming months, PRETA, a fully-owned subsidiary of EBA CLEARING, will strive to ensure a smooth operational handover for all parties involved.

The Open Banking Europe Community will complement the work Konsensus is already doing to support the safe and secure exchange of financial and non-financial information between payment service providers and other market players for the benefit of the wider digital economy.

**Mike Woods, CEO,** Konsensus, stated "Working with PRETA's Open Banking Europe was an obvious next step to accelerate our European expansion and cement our position as market leader. We are delighted to welcome the clients of PRETA OBE to Konsensus and are proud that over 500 financial institutions, including some of the biggest and most prestigious banks within Europe, will also become Konsensus clients. I am delighted that John Broxis, who was

Managing Director of PRETA's Open Banking Europe initiative, is joining the Konsensus team, which will ensure a smooth transition. In addition, his vast industry expertise will be invaluable in uniting the open banking ecosystem and global community."

**Giorgio Ferrero, PRETA** commented, "We identified the need for Open Banking Europe to grow beyond its incubation stage and move to the next level in an accelerated manner. With their global expansion plans, product pipeline and fast-growing partner and customer base, Konsensus is well-placed to pursue the initial ambition for OBE Europe to boost safe and secure Open Banking globally. We are pleased to bring our OBE clients to this thriving environment, where they will continue to be well served by Konsensus and John Broxis, and can benefit from new and innovative Open Banking services on a European and global scale."

Source: [Konsensus](#)

## Entrust Acquires HyTrust, Expanding Encryption, Key Management and Security Posture Management for Virtualized and Multi-Cloud Environments



multi-cloud data encryption, key management, and cloud security posture management solutions. Terms of the deal will not be disclosed. By acquiring HyTrust, Entrust adds a critical management layer for encryption, cryptographic keys, and cloud security policy to its digital security solutions, serving the data protection and compliance needs of organizations accelerating their digital transformations.

Source: [Entrust](#)

Entrust a global leader in trusted identity, payments and data protection, today announced that it has acquired HyTrust, Inc. an innovative provider of virtualized and

# Equifax Announces Definitive Agreement to Acquire Kount



Equifax® (NYSE: EFX) a global data, analytics and technology company has signed a definitive agreement to acquire Kount, a provider of Artificial Intelligence (AI)-driven fraud prevention and digital identity solutions, for \$640 million. As global digital transformation accelerates, driving customer interactions to digital channels in record numbers, businesses require new ways to establish digital identity trust in real time to fight the growing problem of online fraud while reducing customer friction. This acquisition will expand the Equifax worldwide footprint in digital identity and fraud prevention solutions, helping businesses better engage with their customers while combating fraud with the Kount Identity Trust Global Network - the industry's leading risk-based authentication platform.

"As digital migration accelerates, managing authentication and online fraud while optimizing the consumer's experience has become one of our customers' top challenges. The acquisition of Kount will expand Equifax's

differentiated data assets to bring global businesses the information and solutions they need to establish identity trust online," said Mark W. Begor, CEO of Equifax. "Equifax is taking advantage of our strong 2020 outperformance and cash generation to make this strategic acquisition. Our data and technology cloud investments allow us to quickly and aggressively integrate new data and analytics assets like Kount into our global capabilities and bring new market leading products and solutions to our customers."

The result of a strong patent portfolio, the Kount Identity Trust Global Network uses AI to link trust and fraud data signals from 32 billion digital interactions, 17 billion unique devices, and five billion annual transactions across 200 countries and territories. As more signals are collected and combined with Kount's AI-driven analytic insights, they become more predictive, helping to prevent digital fraud and protect against account takeovers in real time while enabling personalized customer experiences.

Source: [PR Newswire](#)

## Merchant Payments Industry News

# European Commission, ECB Unite to Consider Potential Pitfalls of the Digital Euro

The European Commission and the European Central Bank (ECB) are pursuing their efforts towards ensuring a strong and vibrant European digital finance sector and a well-integrated payments sector to respond to new payment needs in Europe. Taking account of digitalisation, rapid changes in the payments landscape and the emergence of crypto-assets the ECB is exploring the pos-

sibility of issuing a digital euro, as a complement to cash and payment solutions supplied by the private sector. Following the conclusion of the public consultation on 12 January 2021 and a period of preparatory work, the ECB will consider whether to start a digital euro project towards mid-2021. Such a project would answer key design and technical questions and provide the ECB with

the necessary tools to stand ready to issue a digital euro if such a decision is taken. The ECB and the European Commission services are jointly reviewing at technical level a broad range of policy, legal and technical questions emerging from a possible introduction of a digital

euro, taking into account their respective mandates and independence provided for in the Treaties.

Source: [European Commission](#)

## Fidesmo Pay enters Denmark and Finland together with SEB



The Swedish tech company Fidesmo and SEB expand their collaboration with the launch of Fidesmo Pay in Denmark and Finland.

Fidesmo makes it possible to connect contactless services, such as payment, to a variety of devices. The wearable payment service Fidesmo Pay enables banks to offer their

customers a secure and stylish way to make contactless payments, by letting them pay with a wearable of their own choice. SEB launched Fidesmo Pay to their customers in Sweden and Norway in 2019 and today they further expand the offering to customers in Denmark and Finland.

Wearables that can be used with Fidesmo Pay are provided by several fashion brands and can be bought either online or in-store. Paying with a wearable guarantees the same security as paying with a physical payment card.

Source: [Fidesmo](#)

## Mastercard joins forces with FrenchSys to enhance and speed up the roll-out of new payment features and innovations across France



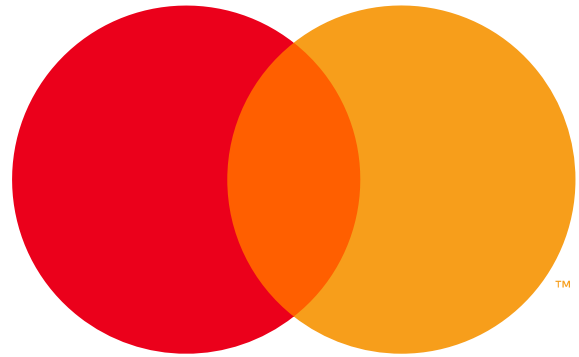
Every year, 130 million French and international consumers enjoy easy access to French electronic banking services, where transaction volumes are growing rapidly. While France has historically been a forerunner in card payment technology, it needs to constantly innovate to remain at the leading edge along with its European counterparts.

In addition to complying with European payment regulations, it is becoming increasingly important to provide

features and innovations that meet the needs of consumers and merchants alike. In this context, it is vital for Mastercard to ensure that its products and services are rolled out in France under optimal conditions.

It is against this backdrop that Mastercard and FrenchSys - a company aimed at facilitating the development of card payment acceptance in France - have decided to form a partnership. On the basis of this agreement, Mastercard's developments and innovations in payment technology will be made more readily available and make for easier deployment in line with other European countries. Some of these benefits include contactless payment with PIN code entry and no amount limit, card refunds immediately credited to an account, or innovations such as Mastercard's new sound identity built into the payment process.

**"We are delighted about our partnership with FrenchSys, which aims to enhance the quality of service we provide to merchants and consumers by making our payment features more readily available so as to deliver a better shopping experience. This agreement illustrates our determination to deploy more and more innovative, practical and secure products and services across the French market. This partnership will enable the banks adopting the system to develop their business thanks to improved integration of the solutions Mastercard deploys for retailers and businesses,"** says Solveig Honoré Hatton, CEO of Mastercard France.



**"Through this agreement with Mastercard, FrenchSys gains another opportunity to bring its customers the advantages of its multi-scheme card and payment method acceptance facilitation and consolidation offering in France. Operating at the very core of the digital payment ecosystem in France, FrenchSys can help card schemes such as Mastercard to accelerate innovation roll-out in France, support merchant banks wishing to take advantage of all the innovative features of card schemes and work with payment acceptance solution developers to improve and optimise their offering across the French market"** adds Régis Folbaum, Chairman of FrenchSys.

Source: [FrenchSys](#)

## PPRO Raises \$180 Million for the Next Era of Local Payments Infrastructure, Is Now Valued Over \$1 Billion

New investment from Eurazeo Growth, Sprints Capital and Wellington Management after another year of hypergrowth for PPRO

PPRO, the global provider of local payments infrastructure, today announced over US \$180 million in new investment. Investors include Eurazeo Growth, Sprints Capital, and Wellington Management. This news comes just six months after the company raised US \$50 million from Sprints Capital as well as Citi Ventures and HPE Growth. PPRO's valuation is now over US \$1 billion.

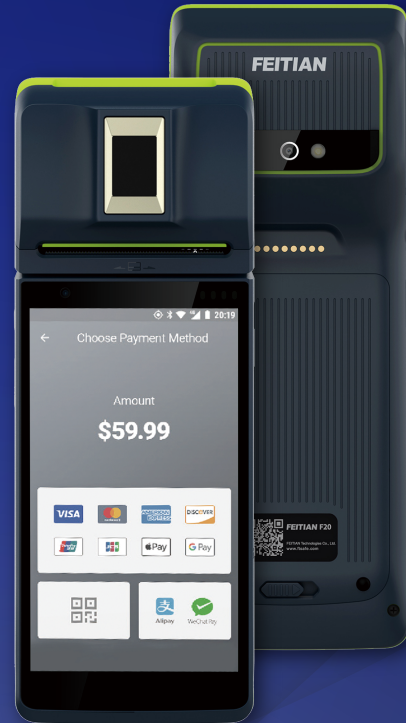
PPRO has established itself as the most trusted infrastructure provider in the cross-border payments space, powering international growth for payment service providers and platforms such as Citi, Elavon, Mastercard Payment Gateway Services, Mollie, PayPal, and Worldpay. PPRO's local payments platform and expert services help its customers get the industry's best conversion rates in markets around the world by allowing online shoppers to pay with their preferred payment method.

# Smart Financial Terminal

*Born to be different*



F20



F20 FP



Android 10 OS



Quad-Core



Type-C



MSR + IC + NFC + QR



80mm/s



2+16G



KYC

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<https://www.ftsafes.com/>

Contact: mahaveer@ftsafes.com, tianhua@ftsafes.com

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PPRO's valuation is underscored by its rapid growth last year. The company doubled its year-on-year transaction volumes in the fourth quarter of 2020, expanded its global team by 60% in the last twelve months, and developed new strategic partnerships with local payment methods in high-growth markets like Indonesia and Singapore. The funding will fuel PPRO's continued global expansion and support the development of its innovative border-free payment technology and services.

"I am very proud of what the PPRO team has accomplished," said Simon Black, CEO of PPRO. "Beyond securing the support of such prestigious investors and achieving a milestone valuation, we've enabled our customers to grow at record numbers during what has been a tough time for many. By giving businesses the ability to offer payment choice, we've helped give people around the world better access to goods and services that improve their lives."



"Our unique local payments infrastructure empowers our customers to quickly increase their global footprint. This investment will help us deliver the highest performance possible for companies leading the global payments industry," continued Black. As e-commerce continues to grow at an unprecedented

pace, businesses are being pressed to offer seamless checkout experiences and locally preferred payment options. PPRO's technology allows payment services providers and enterprises with payment platforms to plug in via simple APIs and offload the intricate complexities and massive costs of providing payment method choice to local consumers. The company's singular focus on local payment methods helps its customers rapidly speed up time to market and reduce operational costs up to 10 times.

"We are delighted to support Simon and the team at PPRO as they continue to develop best-in-class local payment solutions," commented Nathalie Kornhoff-Brüls, Managing Director at Eurazeo Growth. "All signs for the future indicate that digital commerce, and even more so cross-border commerce, will continue to grow exponentially while innovation in payment methods remains strong. As a result, facilitating local payments is becoming increasingly complex. Payment service providers, however, no longer have a choice as merchants and their customers are pushing for the adoption."

"PPRO has proven to be the go-to problem solver in this area, providing the local payments technology and expertise that the world's biggest payment players rely on. Our investment reflects our confidence in the growth potential for PPRO and we're excited to support PPRO and its team on their journey," added Voria Fattahi, Partner at Sprints Capital.

Financial Technology Partners acted as exclusive financial advisor and Noerr as legal advisor to PPRO in the transaction.

Source: [PPRO](#)

## TikTok owner ByteDance rolls out Douyin Pay, a mobile payment service for China

Tik Tok owner ByteDance has launched a third-party payment service for the Chinese version of its short video app TikTok, called Douyin Pay. According to Reuters, the initiative comes to supplement the existing major payment options, and enhance user experience, as the company plans to expand into the ecommerce business in China. Users of Douyin previ-

ously could use Ant Group's Alipay and Tencent Holdings' WeChat Pay to buy virtual gifts for livestreamers or items from shops on the platform.

ByteDance's expansion comes as China's financial regulators are tightening oversight over financial technology firms, particularly companies such as Ant Group. How-



ever, China's third-party payment sector is dominated by Alipay and WeChat Pay, with the former taking 55.39% of the total market in the second quarter of 2020, according

to market researcher Analysys.

Source: [The Paypers](#)

# Mastercard pioneers Cloud Tap on Phone, its first pilot of Cloud Point of Sale (POS) acceptance technology

Mastercard has partnered with NMI and Global Payments Inc. to launch its first live Cloud Tap on Phone pilot with Computer Engineering Group (CEG), a California-based independent IT services provider.

Cloud Tap on Phone is one of Mastercard's innovative next generation acceptance products, with the software hosted on Microsoft's Azure Cloud platform.

Mastercard has been spearheading the transition to contactless payments for years. The demand for faster, more convenient, safer and now cleaner ways to pay has driven the transition to contactless, and it's a one-way street with touch-free experiences expected to be permanent for consumers and businesses even after the pandemic ends.

In fact, in the third quarter of 2020, contactless penetration represented 41% of in-person purchase transactions globally, up from 37% in the second quarter and 30% a year ago.

With Tap on Phone, any business – regardless of size – can deliver new and best-in-class contactless consumer experiences using a device they already own: a smartphone.

Tap on Phone democratizes point-of-sale technology by turning an Android smartphone or tablet into an acceptance device, allowing businesses to accept contactless payments while minimizing the need to invest in hardware terminals or extra features. Merchants can offer enhanced and accelerated curbside pick-up or payment on delivery or provide faster line-skipping checkout in-store – options that are increasingly important as consumers look to touch-free cash alternatives.

With the introduction of Cloud Point of Sale (POS),

Mastercard is enhancing its Tap on Phone product and empowering ecosystem partners to develop their own Cloud-based products with new tools and capabilities.

Cloud POS moves key parts of the acceptance software – the components<sup>1</sup> that enable the processing of contactless transactions and certain security functions – from the individual smartphone to the Cloud, offering robust security, reducing development and maintenance costs and creating scalable distribution channels by allowing immediate connectivity to partners. Cloud POS also becomes a new channel for Mastercard's partners to bring value-added services to customers and businesses.

Mastercard will make its pre-certified Cloud POS software development kit (SDK) openly available, encouraging solution providers, fintechs, acquirers and processors to innovate and co-create new cloud-first products. Mastercard's pilot with CEG represents the first live deployment of Mastercard Cloud Tap on Phone anywhere in the world.

"We continue to see an accelerating shift to digital payments, with businesses of all sizes wanting to provide swift, secure, compelling point-of-sale experiences. Cloud POS enables us to make these experiences available to our partners with greater speed and efficiency," **said Milan Gauder, Global Head of Mastercard's Acceptance Solutions Group.** "Our partners are the center of everything we do, and our trusted technology powers innovative experiences, choice, flexibility and certainty, creating the products they need. Mastercard's Cloud Tap on Phone delivers on our promise of ground-breaking products and innovation."

Mastercard has convened an ecosystem of partners to launch Cloud Tap on Phone:

- Leading payments enablement technology company **NMI** operates as a key integration partner and distributor.
- **Global Payments**, a leading worldwide provider of payment technology and software solutions, will provide point of sale acceptance technology.
- Continuing the commitment to empower small businesses, **CEG**, an independent IT services company from California, serviced by an independent sales organization **BNG Payments**, becomes the first company to pilot Mastercard's Cloud Tap on Phone.

Development of Cloud POS technology and the Cloud Tap on Phone product has been spearheaded by Mastercard Labs, the company's new product development arm. The pilot with CEG follows live product testing on Mastercard's Purchase, N.Y. campus.

Cloud POS is a product of Mastercard's multi-Cloud strategy, meeting businesses, consumers, financial institutes and partners in the Cloud with innovative applications and services. The company will conduct further Cloud Tap on Phone pilots and commercial deployments in other markets in 2021.

Currently, Mastercard's Tap on Phone solution is in 16 markets across Europe, Asia Pacific, Latin America, North America, the Middle East and Africa. Pilots are taking place with partners in Costa Rica, Hong Kong, Poland, Kazakhstan, Romania, Canada, Belarus, Russia, Turkey and the United Kingdom, among other markets.

### What Our Partners are Saying

"Tap on Phone technology perfectly complements the acceleration of contactless payments in the U.S. market. This is a ground-breaking step in creating a world that enables merchants to turn their smartphones into a payment acceptance device without the need of an externally paired physical card reader" – **Nick Starai, Chief**

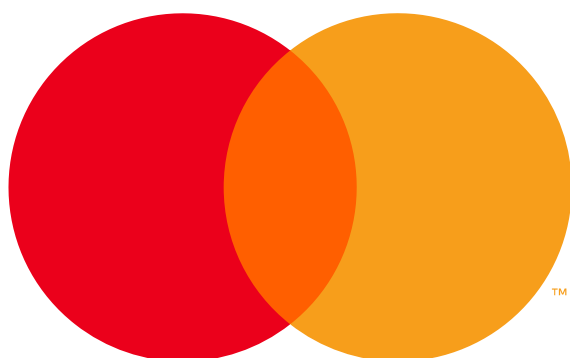
### Strategy Officer, NMI

"The pandemic has permanently shifted the way global commerce operates, forcing companies to respond to increased demands for safe commerce solutions, such as mobile ordering and contactless payments. These waves of innovation will continue to accelerate, driving more and more technological advances across the payments industry. As an innovation leader in the payments industry, we are proud to partner with Mastercard on the new Cloud POS acceptance technology solution that will better equip merchants of all sizes to provide a faster, safer and more secure experience to help better serve consumers and their preferences for more advanced digital commerce solutions" – **Jim Egbert, Senior Vice President, Business Development & Strategic Partnerships, Global Payments**

"CEG is very excited with the opportunity to work on the Mastercard pilot program. We are looking forward to using the contactless tap on phone technology to enhance our service experience with our retail customers. As a technology company we are always interested in exploring ways to stay at the cutting edge of technology development for our business and our IT customers. The Mastercard Tap on Phone program fits the bill" – **Eric Ross, General Manager, Computer Engineering Group (CEG)**

"We have been selling and supporting a wide range of mobile POS software and hardware solutions since the inception of mPOS. BNG Payments is constantly striving to increase our support excellence, and one way to do this is to find new and innovative ways to minimize hardware and software issues. With traditional solutions, we are relying on Bluetooth or audio jack connected credit card acceptance devices that are all prone to connectivity issues between the device and smartphone, causing merchants to have transaction issues and down time. With Cloud Tap on Phone, we are reducing potential failure points to just a smartphone and data connection as well as reducing upfront cost by eliminating the need for additional hardware. This will be the future of mobile card-present transactions, and I am happy to see that merchants and cardholders stand to gain the most from this innovation" – **Ryan Theis, Chief Strategy Officer, BNG Payments**

Source: [Mastercard](#)



# Growth in card acceptance driven by government initiatives to increase cashless payments

During 2019, the number of card-accepting merchant outlets worldwide grew by 4% to reach 74.5 million, according to Global Payment Cards and Forecasts to 2025, a study by strategic research and consulting firm RBR. Government initiatives which aim to reduce cash usage continue to drive the uptake of electronic payments. In India, for instance, the government is encouraging banks to recruit new merchants to boost cashless payments. Here the number of card-accepting outlets increased by 40% in 2019.

### **UnionPay becomes the world's most widely accepted card scheme**

RBR's research shows that at the end of 2019, UnionPay could be used at 80% of merchant outlets, making it the most widely accepted card scheme. The high proportion of merchants which accept this scheme can be attributed to the size of the Chinese market, which staggeringly accounts for almost a third of merchant outlets worldwide. Strong growth in its acceptance was also seen in Europe and Asia-Pacific. In Russia, the number of merchants where UnionPay can be used has increased rapidly owing to an agreement with Sberbank. Meanwhile in India, merchants accepted UnionPay cards for the first time, thanks to a partnership with the National Payments Corporation of India.

A year previously, Discover had been the most commonly accepted card scheme. The scheme benefits from reciprocal network-to-network agreements with UnionPay in China, JCB in Japan and BC Card in South Korea, meaning that Discover can be used at all outlets in each of these markets.

### **Visa and Mastercard are the most widely accepted schemes if China is excluded**

If we exclude China, acceptance of UnionPay falls to 70% of the world's outlets. Instead Visa and Mastercard become the most widely accepted card schemes, as they can be used at 95% of remaining merchants.

Visa and Mastercard are the most commonly accepted card schemes in both Europe and the Americas. The schemes' sub-brands Visa Electron and Maestro can be used at a similar number of merchants as Visa and Mastercard in the majority of markets. China and the USA stand out as exceptions, with neither sub-brand being accepted in China, and only Maestro accepted in the USA, at just under a half of outlets.

### **The drive for cashless payments will continue to see acceptance rise**

The number of card-accepting outlets worldwide is forecast to reach 95.9 million by the end of 2025. Government initiatives to promote cashless payments will drive this growth, with pressure put on banks to increase efforts to recruit merchants. Advances in technology also make it more appealing for some merchants to accept cards, contactless payments enabling shorter queues through quicker processing of payments, for instance. The COVID-19 pandemic is further encouraging use of contactless payments owing to concerns about the transmission of the virus. This is in turn expected to boost the number of EFTPOS terminals.

Daniel Dawson, who led RBR's Global Payment Cards Data and Forecasts to 2025 research, remarked: "COVID-19 has made contactless technology more appealing and encouraged some merchants that were previously reluctant to accept cards to start doing so".

*These figures and insights are based on RBR's study, Global Payment Cards Data and Forecasts to 2025. For more information about this report or to discuss the findings in more detail please email Daniel Dawson (daniel.dawson@rbrlondon.com) or call +44 20 8831 7310.*

*RBR is a strategic research and consulting firm with three decades of experience in banking and retail automation, cards and payments. It assists its clients by providing independent advice and intelligence through published reports, consulting, newsletters and events.*

# Fraud Prevention in Ecommerce Report

## 2020/2021 - teaser



In November 2020, The Paypers launched the new [Fraud Prevention in Ecommerce Report 2020/2021](#), which is looking at the current state of affairs in the commerce industry and the emerging fraud threats that risk management teams are dealing with. Via the current edition, we aimed to depict valuable views into fraud detection and risk management; new methods of leveraging artificial intelligence and machine learning; and the impact of PSD2's SCA.

In 2020, the COVID-19 impact been felt by all industries, both businesses and consumers have had to shift the move to digital transactions, while there are more cashierless pay points and retailers that offer various benefits via mobile apps.

What is worrying here is that fraudsters are opportunistic, and they will always look for weak loopholes to achieve their goal. So, as ecommerce has risen and fraudsters take advantage, now more than ever everyone needs to be informed and to act efficiently. How can this be attained? With three main steps: knowing the enemy, the challenge, and the solution.

If we consider fraudster's business model during this lockdown period, we can see that bad actors turn to several attack typologies such as account takeover attacks using identity spoofing and chargeback fraud, BOPIS and BOPAC, or social engineering and automated credential stuffing, which allow fraudsters to defeat rudimentary defences.

The challenges do not stop here because merchants need to detect fraud during the entire customer journey, 'not just at the time of financial transaction'. However, businesses new to digital commerce struggle as some have not invested in solutions for the risks associated with the mobile and online channels.

Another thing that should be taken into consideration is PSD2 with its Strong Customer Authentication, which is

aimed at consumer protection and making ecommerce safer; but the European Banking Authority granted additional potential exemptions and set the new [deadline to 31 December 2020](#). The fact that there will be further exemptions and out of scope transactions only means that fraudsters will have more options to exploit.

If we talk about solutions, since fraud has become more sophisticated and as fraudsters obtain access to the latest tools, the question that raises is what can be done? Have we used the current techs to the maximum or should we look into new ones? If we need to search for new ways for protection, what are those? What is certain is that consumer education is a must and they should stay informed regarding the risks and the ways to prevent any fraudulent activity.

To picture the newest technologies, the final part of the 2020/2021 Report focuses on mapping the key players in the fraud detection, identity verification, and online authentication area, as well as presenting their backgrounds and features via in-depth profiles. It reveals an overview of the solution providers in the fraud prevention space and the most important capabilities of each company.

We invite you to download and check the [newest edition of our Report](#) as this is our way to help players in the payments space to keep pace with the latest trends and developments, fraud challenges, the newest technologies to combat fraud attacks, and the upcoming regulations.

### Enjoy your reading!

Author: Simona Negru, Senior Editor, The Paypers  
Source: [The Paypers](#)





## Fraud Prevention in Ecommerce Report 2020/2021

The Ultimate Source in Securing Transactions While Offering  
a Frictionless Journey to Customers

Endorsement partners:



**THE FRAUD PRACTICE**

Key media partners:





# How can Acquirers help SMB Merchants survive and thrive in a COVID-19 World?

An analysis of French SMB Merchants during and after lockdowns with global implications.



**Miguel Mateus**

Izicap Co-founder

## Highlights

- The COVID-19 crisis is unprecedented and led to a massive amount of shops closing during lockdowns (60% of local Merchants in the case of France).
- After 8 weeks of lockdown most of the businesses reopened and returned to almost normal levels of activity (except for a small part of restaurants that failed to reopen).
- A Payment Based Marketing Solution has proven to be extremely useful to Merchants in reacting to the COVID-19 crisis, both for Merchants that remained open during the lockdown and for those that closed for a few weeks :
  - Revenues at Merchants that remained open and used the Payment Based Marketing Solution performed 22 percentage points better than the average Merchant during the lockdown period.
  - Revenues at Merchants that closed down during the lockdown and then reopened and that were using the Payment Based Marketing Solution, performed 14 percentage points better than the average Merchant after the reopening.
- Merchants using Payment Based Marketing Solutions could continue to communicate with their clients during lockdown, keeping “share of mind” and ensuring the customers would return after the lockdown.
- The solution has proven its value for both Merchant circumstances which is key in a world that needs to be prepared for “Stop & Go” situations and where Digital Marketing has become part of the basic toolkit required for a local Merchant to survive.
- This represents a huge and now proven opportunity for Acquirers to help their Merchants access the tools they are looking for and that they need to survive.

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### Payment Based Marketing Solutions

*This paper describes the results for Merchants of using a card linked marketing platform, that effectively “makes the payment card become the loyalty card” with huge advantages for the Merchants and for the cardholders. Specifically, we consider the example and results obtained by using the Izicap Payment Based Marketing Solution.*

# Context

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## How did Merchants perform after the lockdown?

On May 11th, 2020, after 55 days of strict lockdown, the French Government eased the restrictions for the French citizens and the economy started to reopen. All around the world the same experience was replicated give or take a few weeks, give or take more or less severe lockdown rules.

Back in May 2020, 6 weeks into the lockdown, we published the Article "How can Acquirers help SMB Merchants survive and thrive in a COVID-19 World?". We concluded that Merchants that were using a Payment Based Marketing Solution and that could stay open, performed much better than the average Merchant.

Three months after the lockdown restrictions started to be lifted, it seems that the world for which we have been preparing our Merchant clients has materialized. As of this writing, a curfew has been mandated for Paris and other 8 cities in France as well as in Belgium, partial lockdowns were announced in the UK; Madrid has several regions with tight restrictions on movements, Italy just revised its regulations.

During these difficult times, we have been able to help our Merchants to minimize the losses. The analysis of the messages sent before and after the lockdown are very telling about how Merchants have been using our tool.

Entering this new phase of essentially a "Stop & Go" world, we will continue to be at the side of our Merchants.

Specific actions to address the latest restrictions and communicate accordingly with their end customers are already being proposed and will surely continue to prove an advantage to our Merchants compared with the rest of the market.

In this article we will complement the analysis started in the previous article that addressed the question *"Did the advantage of using Payment Based Marketing Solutions applied to those Merchants that remained open?"*

But we will also complement the analysis with data from the much larger base of Merchants that had to close their business during the lockdown and are now back in business (for the most part and until newer restrictions may force them to close again).

The question we will address is *"How did their businesses performed after the lockdown? How does their performance compare with that of the Merchants that are not using Payment Based Marketing Solutions?"*

We will also address the question of how well are SMBs recovering in general, what has been the impact of the whole situation on their businesses? And what can be learned from the most successful SMBs so that others can replicate those results?

Finally, we will also discuss the potential role of Acquirers in helping Merchants address the heightened challenges to their businesses.

# The Dynamics of Store Opening and Closing by Segment

At the beginning of the lockdown virtually all businesses except for the groceries / food segment closed their doors, even though a residual 20% of shops kept transacting through online shopping or delivery from phone orders.

Even the groceries / food segment saw as much as 35% of its shops close at the beginning of the lockdown, on the week of March 23rd. After the initial shock, all segments started to recover gradually and an increasing number of Merchants restarted doing business, even under a lockdown situation.

A week before the official lockdown ended, 86% of groceries / food shops were transacting, while about only 40% of all the other segments were open. For comparison, during the worst weeks only 73% of groceries / food shops and only about 20% of shops in other segments were open.

Once the lockdown ended on May 11th, we saw all segments return to about 95% of stores open except the restaurant segment where only 53% of restaurants reopened on that week and have been recovering ever since achieving 96% opening rate in the last week of June, just before the holiday season.

**AFTER 8 WEEKS OF LOCKDOWN MOST OF THE BUSINESSES REOPENED AND HAD RETURNED TO ALMOST NORMAL LEVELS OF ACTIVITY.**

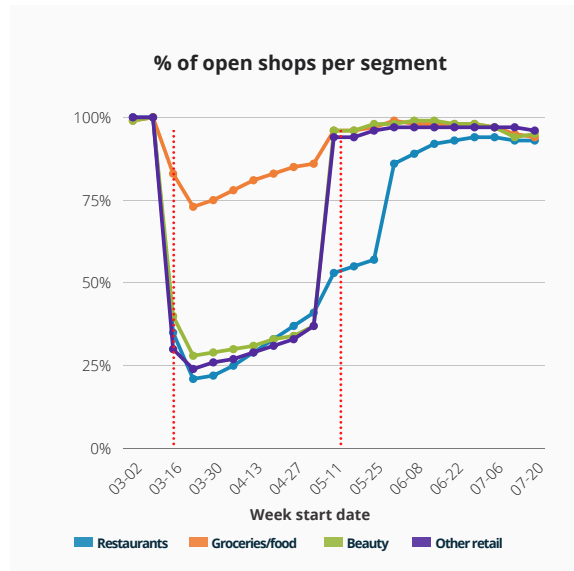


Figure 1 – % of shops open by week by segment.

In terms of business volume, for the shops that remained open, the situation is a bit more convoluted and dependant on the specific segment, as can be seen on Figure 2.

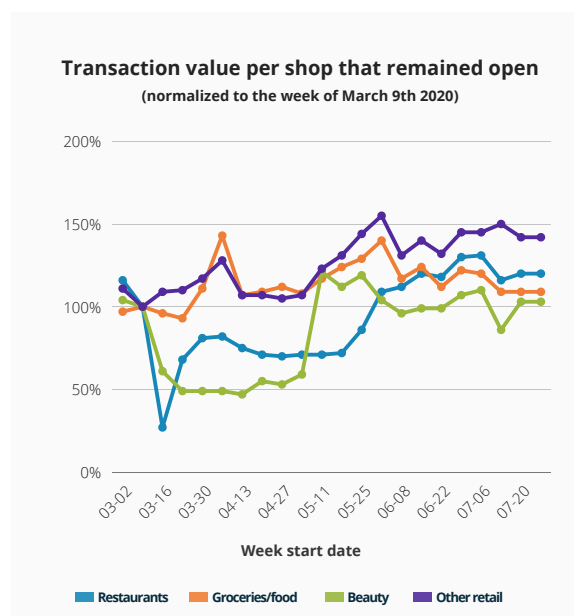


Figure 2 – Transaction volume for businesses that remained open, normalized to the week of March 9th 2020.

### But we can clearly see some trends<sup>1</sup>:

#### During the lockdown period

- The beauty shops that remained open were having about 50% of the previous revenues.
- The restaurants that remained open were able to maintain around to 80% of their previous revenue having gone through a violent drop to 27% of the previous business level in the first week.
- Groceries / food and other retail performed consistently above their past average level, with a spike on the week of April 6th.

#### Once the lockdown ended

- The beauty shops saw a spike in transactions in the first week, but then returned to their previous business level.
- Restaurants gradually recovered their previous business volume and were performing around 20 percentage points

above their previous business levels just 4 weeks after the end of the lockdown.

- Groceries / food continued to perform around 20 percentage points above its previous level.
- Other retail has been the star after the lockdown ended trading consistently almost 40 percentage points above previous levels. This can be partially explained by seasonality and a transfer from cash to cards (probably less strong than on restaurants and beauty), but also probably by a trend to invest more in outdoor / sports activities and home furnishing.

Overall, we can say that there has been a remarkable recovery in business volumes, even though in the beauty segment, the recovery has not surpassed previous business levels and for restaurants, about 5% did not reopen.

## The Payment Based Marketing Solution Performance Results

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Up to now we analysed overall market figures, not considering any special best practice or use of marketing tools.

Up to now we analysed overall market figures, not considering any special best practice or use of marketing tools. But how did the Merchants using Payment Based Marketing Solutions<sup>2</sup> perform, when compared with your average neighbourhood

Merchant? Can we really see a difference and the impact of these tools?

To answer these questions, we will split the analysis in two segments:

- A) Those Merchants that remained opened throughout the lockdown period.
- B) The Merchants that had to close shop but reopened as soon as it was legal and feasible for them to return to business.

<sup>1</sup> As the data is based on card payment, all the figures are influenced by a likely migration of cash to cards, which can explain the increase in business level notably after the lockdown period. Seasonality effects may also come into play and were not isolated.

<sup>2</sup> The results come from the database of Merchants using the Izicap Payment Based Marketing Solution compared with a representative base of Merchants in the French market.

### A) Merchants that stayed open during the Lockdown:

We replicate for reader convenience the analysis and conclusions for the Merchants that remained open during the lockdown presented in the previous article<sup>3</sup>, where we concluded that those using the Payment Based Marketing Solution performed 22 percentage points better than the averaged Merchant.

### B) Back to business: performance of Merchants that closed during the lockdown.

This group of Merchants was forced to close. Either because of the legislation or concerns regarding the safety of their employees or customers, or just because customers were not showing up anymore at the shops.

In Figure 4 we consider the revenue evolution for these Merchants during this period. We can clearly see the dramatic fall in revenue once the “informal” lockdown settled in starting on the week of March 9th and then the almost complete absence of transactions during the 7 to 8 weeks of lockdown.

Once the lockdown ended, the revenues jump abruptly from the week of May 4th to the week of May 11th to levels around 10 to 20 percentage points above the pre-COVID status<sup>4</sup>. More importantly, the group using Payment Based Marketing Solution – in this case the solution provided by Izicap, performed much better than the average Merchant. Three weeks after the lockdown, revenues had increased to 134% of pre-lockdown levels compared to only 107% for the average Merchant with the cumulative performance gap stabilizing around 14 pp.

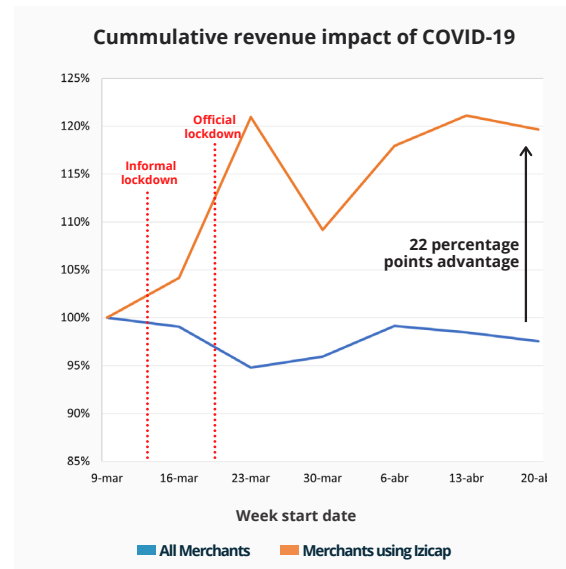


Figure 3 – Comparison of revenues evolution for the average open Merchant versus Merchants using the Izicap solution.

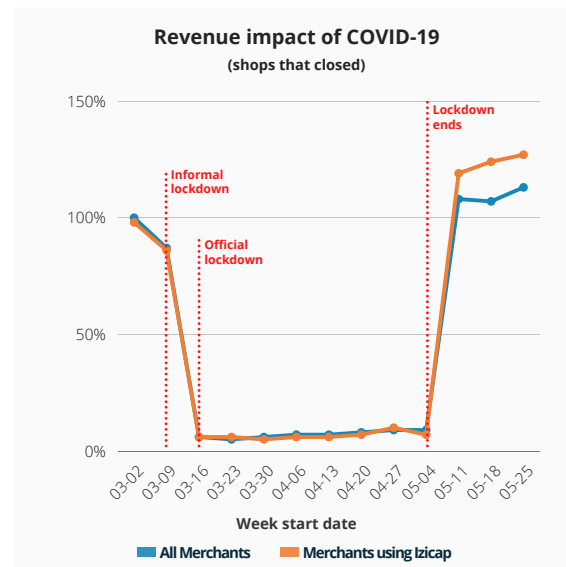


Figure 4 – Revenue impact of COVID-19 for shops that closed under the lockdown.



***We have no other way to get through to our customers. Good thing we had a good “teacher” in our Izicap Marketing Expert, so that now we are able to manage our marketing campaigns on our own. ”***

Owner of a luxury chocolate shop  
Côte D’azur, France

<sup>3</sup> How can Acquirers help SMB Merchants survive and thrive in a COVID-19 World? - Volume I, Miguel Mateus, May 2020.

<sup>4</sup> Part of this effect is due to the transfer from cash to card transactions, that was driven by the will to limit touching anything as well as the increase in the contactless transaction limit to 50€.



# Conclusion

## The Payment Based Marketing Solution advantage:

In conclusion, no matter the circumstances and market adversities. No matter what the Merchant had to do with his shop – close or remain open.

What we can observe analysing the market data is that Merchants that used the Payment Based Marketing Solution have achieved higher revenues.

These 22 and 14 percentage points advantage are short term effects specific to the unprecedented lockdown situation created by the COVID pandemic.

Even more importantly even in normal circumstances, Payment Based Marketing Solution such as provided by Izicap have proven to increase the spending of those Merchant customers that participate in the solution by 51% and to increase Merchant's overall revenues by 10% to 15%.



*I am totally satisfied with the Izicap solution. I have sent messages to announce the closing and the reopening of the shop which generated a lot of positive buzz.*

Hairdresser owner in the greater Paris region

## Merchant best practices addressing the difficult times, powered by the Payments Based Marketing Solution:

We now turn to what have been the root of the performance advantage. What exactly did the Merchants that used the Payment Based Marketing Solution to that was different from the other Merchants?

In the previous article we included a table with different types of actions and messages the Merchants could implement using the Payment Based Marketing Solution to communicate with their clients. We updated this table and reproduced it in Figure 6.

	Before COVID-19	Lockdown preparation	Full Lockdown	Re-opening	"Stop & Go" World ?
<b>Build Customer Database</b>	✓	✗	✗	✓	✗ ✓
<b>Loyalty Program</b>	✓	Delay voucher expiration date		✓	✓
<b>Marketing Campaigns</b>	✓	✓	✓	✓	✓
<b>Messages</b>	<ul style="list-style-type: none"> <li>Merchant specific (sales, promotions, new product, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>Opening hours changes</li> <li>"Click &amp; Collect" or delivery available</li> </ul>	<ul style="list-style-type: none"> <li>Brand building messages</li> <li>"Click &amp; Collect" menu</li> <li>Safety measures in place</li> </ul>	<ul style="list-style-type: none"> <li>Re-open date</li> <li>Re-opening promotions</li> <li>Safety measures in place</li> <li>Specific product availability</li> </ul>	<ul style="list-style-type: none"> <li>Opening hours changes</li> <li>"Click &amp; Collect" or delivery available</li> <li>Safety measures in place</li> </ul>
<b>Results</b>	<ul style="list-style-type: none"> <li>Izicap was providing routinely 15% revenue increase to Merchants</li> <li>N/A</li> </ul>		<ul style="list-style-type: none"> <li>Revenue 22 percentage points above non Izicap Merchants that remained open</li> </ul>	<ul style="list-style-type: none"> <li>Revenue 14 percentage points above non Izicap Merchants after they re-opened</li> </ul>	<ul style="list-style-type: none"> <li>To be monitored - Izicap will continue to provide a business advantage through the Digital Marketing Solution</li> </ul>

Figure 6 – Best practice in addressing the COVID-19 crisis put in place by Merchants using the Payments Based Marketing Solution.

### Analysis of the messages sent by Merchants

Looking at the table, we confirm that a key factor driving the performance difference was of course Merchants' ability to communicate with their clients during and after the lockdown. This ensured that clients would keep them in mind.

We analysed the types of messages sent by Merchants in the first months of the year and after the lockdown as can be seen in Figure 7.

The expected dramatic shift in the subjects of the messages is confirmed by this analysis, and explains why Merchants using the Payment Based Marketing Solution did better than the average Merchant.

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**THE SUBJECTS OF THE MESSAGES SENT BY MERCHANTS BEFORE AND AFTER THE LOCKDOWN CHANGED DRAMATICALLY, DEMONSTRATING THE REASON BEHIND THESE IMPRESSIVE PERFORMANCE DIFFERENCES.**

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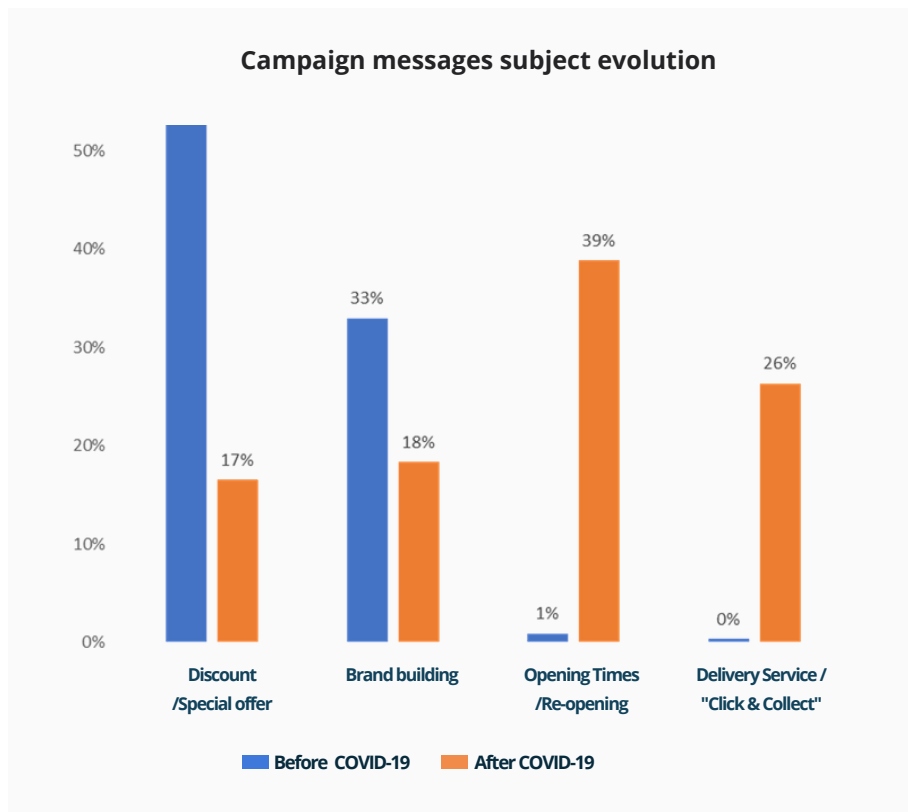


Figure 7 – Comparison of Campaign Messages subject before (up to March 15th 2020) and after the COVID (after March 15th 2020).

<sup>5</sup> Reproduced from the Article "How can Acquirers help SMB Merchants survive and thrive in a COVID-19 World?"- Volume I, Miguel Mateus, May 2020.

## So, what is in it for an Acquirer – helping Merchants thrive in a “Stop & Go” World?<sup>5</sup>

Acquirers are in a unique position to make available the best Digital Marketing tools to their Merchants as they have access to the payment terminal and the invaluable data from each Merchant's payment transactions.

By providing these kinds of tools to their Merchants, the Acquirers can differentiate their offer and increase their Merchant loyalty (reducing churn). Low investment and very quick time to market (as quick as 4 months) makes this an extremely compelling business case for Acquirers.

As we had anticipated back in May, the “Stop & Go” scenario seems to be upon us and will probably last for at least one more year. Acquirers need to bring to their Merchants the solutions that will help them overcome this difficult phase.

We will continue to monitor the results digging deeper into the behaviour per segment for examples of ways to help Merchants optimize their answer to the new “Stop & Go” world that we all are facing.

We are moving from a situation where the providers (Izicap, Acquirers), need to push these type of tools to the Merchants to one where there is market pull, as Merchants need the tool and will demand their providers to make it available.

If it can be the Acquirers providing it, the benefit will be huge for them.

We continue to see a silver lining in all the recent events in spite of the extensive value destruction and that is that Merchants are reacting in an extraordinary resilient way to adversity and Acquirers can be part of the solution to their needs.



***We were not considering these tools in our portfolio, but have changed our mind after listening to our Merchants.***

Head of a Bank Acquirer in Northern Europe

**Miguel Mateus**

Izicap co-founder

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<sup>5</sup> Reproduced from the Article “How can Acquirers help SMB Merchants survive and thrive in a COVID-19 World?”- Volume I, Miguel Mateus, May 2020.



# About Izicap

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THE CARD-LINKED CRM &  
LOYALTY PLATFORM TO HELP  
LOCAL MERCHANTS THRIVE.

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Izicap provides local Merchants with an innovative card-linked CRM & Loyalty platform, which transforms payment terminals into a powerful marketing tool.

Thanks to its Smart Data Platform, Izicap processes multi-billion transactions data and provides local business with unique insights to leverage their digital marketing efforts.

Izicap works in close partnership with leading Acquirers across the world.

For more information visit [www.izicap.com](http://www.izicap.com)



# Know Your Risk. Always. How to Trust Your Fraud Prevention Data to Maximise Conversions?

Sponsored by:

# 4STOP

The surge in digital payments experienced as a result of our global pandemic is a significant opportunity for eCommerce merchants and PSPs. It is essential to rethink strategy, sync with leading technology developments and adapt mantras for future-proofed sustainability and to maximise engagements and profitability potential.

## Speakers & Panelists



Alan Moss  
(Moderator)  
VP of Marketing,  
Miura Systems



Brian Daly  
Head of Product  
Implementation and  
Innovation  
4Stop



Paul McManus  
Vice President Merchant  
and Payments  
4Stop



Christian Wheeler  
Vice President Merchant  
Underwriting  
4Stop

[Download the webinar here](#)



# FREE WEBINAR

Fulfill Your Cross-Border  
Destiny in 2021:  
Three In-Market Experts  
discuss the New Normal

October 29  
4PM CET



MERCHANT  
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## Fulfill Your Cross-Border Destiny in 2021: Three In-Market Experts discuss the New Normal

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# Rapyd

Going cross-border is quickly becoming a necessary strategy for businesses and ecommerce firms in both Europe and globally. This webinar provides a roadmap and timely insights on how every business can effectively grow cross-border sales in 2021, and covers the steps you need to take to achieve success while minimizing risk. Ecommerce and digital organizations must expand to new markets globally but going about expansion without the right approach and planning means many businesses will fall short of their goals. In many cases placing the right bets to maximize cross-border investment while avoiding common pitfalls to success are overlooked.

### Speakers & Panelists



Volker Schloenvoight  
(Moderator)  
Principal  
Edgar, Dunn &  
Company



Sarel Tal  
VP and General Man-  
ager, Europe, Middle  
East and Africa  
Rapyd



Joel Yarbrough  
VP and General Man-  
ager, Asia-Pacific  
Rapyd



Eric Rosenthal  
VP Americas and Man-  
aging Director  
Rapyd

[Download the webinar here](#)

## MPE podcasts

# A Match Made in... Berlin - MPE SUCCESS STORIES

**VOICE OF**



In this episode, Alan Moss interviewed Jarkko Anttiroiko at the MPE 2020 conference about the successful partnership between start-up and established payment provider that started three years ago at MPE 2017 conference.

Finnish Enterpay and German VR Payment entered into a successful partnership after meeting at the MPE 2017 conference in Berlin. From the stage at the MPE conference, Jarkko Anttiroiko, CEO of the Finnish fintech startup Enterpay shared his story and views on the future of B2B e-commerce with the audience. And what Jarkko Anttiroiko told sparked the curiosity and interest of the German banking group.

In this podcast Jarkko reveals his journey to this partnership. The issues that Jarkko Anttiroiko raised and Enterpay's solution resonated well with VR Payment, who reached out to Enterpay directly after the presentation. The two parties quickly decided to explore the options for collaboration. Now the partnership between VR Payment and Enterpay is in place and the first joint product has been brought to market.

Things you will learn in this episode:

- The story of successful partnership between start-up and established payment provider: key milestones in a product launch in 2019, achievements and the lessons learned
- How to launch the payment innovation on European markets in cooperation with local merchants and financial services providers?
- Future trends in verifying a customer's identity.



**Alan Moss (Host)**  
Head of Fintech &  
Payments  
BlueSpecs



**Jarkko Anttiroiko**  
Co-Founder & CEO  
Enterpay

Listen to podcast here



# Talent Management Challenges in Payments

VOICE OF



Talent management & People power took centre stage at MPE2020 conference, with the launch of its first dedicated panel sessions on 'People for Payments'. The overall feedback from MPE2020 speakers underlined the role of talent management which is becoming much more important for the entire payments ecosystem.

Competition to secure talent is intensifying, as merchants and payments companies increasingly seek to gain advantage and differentiate themselves through their 'people talent'. This creates a challenge for many organizations, as they seek to fill key roles and to source, develop, and retain individuals with desirable skills.

In this episode you will learn from seasoned payment professionals about:

- the biggest talent management challenges payment providers face in 2019/2020
- leadership/people: What is the type of people that are needed for the future of this ecosystem
- the challenges of bringing talent across sectors and geographies
- the new positions needed in the merchant payments ecosystem
- what is missing in the industry at the moment? The most difficult roles to fill-in and skillset necessary now



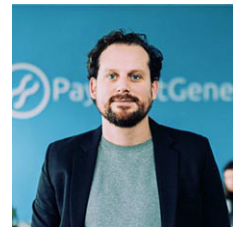
**Alex Rolfe (Host)**  
Managing Director and  
Editor in Chief at Pay-  
ments,  
Payments, Cards &  
Mobile



**Simon Stokes**  
Senior Partner, Pay-  
ments & FinTech  
Greenings Interna-  
tional



**Thijs Moser**  
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**Camile Laupman**  
Co-Founder  
PaymentGenes

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