



POSitivity magazine

THE OFFICIAL MAGAZINE OF MERCHANT PAYMENTS ECOSYSTEM • ISSUE 89 / MARCH 2021



MERCHANT
PAYMENTS
ECOSYSTEM

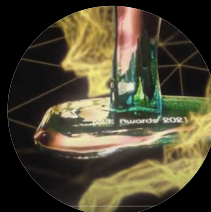
VIRTUAL 22-25 Feb 2021

MPE
2021
Agenda



on page 6

MPE
Awards
2021



page 7

Industry
News
M&A



on page 48



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EDITORIAL

Dear POSitivity magazine readers,

Welcome to March's release of The POSitivity.

What a month it's been? With so much going on at the moment, it's hard to keep up, however there certainly was a lot of POSitivity in the air thanks to the MPE 2021 Virtual conference.

The 15th edition of MPE Conference took place on 22-25 February 2021 and experienced a BIG SHIFT from physical to virtual.

Our BIG Thank you goes to 750 participants and 28 sponsors for making it a success event in this NEW era of digital events!

5000+ conversations
1000+ meetings
25 hours of content watched live

4 conference days
33 LIVE & On-Demand sessions

100 speakers
Keynotes & Panels

Interactive Breakout Rooms
11 Group Video Chats with 40+ experts

„RESILIENCE through INNOVATION“ was the key theme mentioned by MPE2021 moderators & speakers. Why? If the past year has taught us anything, it's that resilience is a key skill to nail.

At MPE 2021 we have been talking much about resilience and how the merchant payments ecosystem can build on this essential skill.

So, grab a coffee and give yourself a short break to see what we were talking about at MPE 2021 conference in February 22-25!

Your MPE team



MERCHANT
PAYMENTS
ECOSYSTEM

VIRTUAL 22-25 Feb 2021

MPE 2021 Virtual Conference

February 22-25

SUMMARY

 **750**
ATTENDEES

 **100**
SPEAKERS

 **220**
MERCHANTS

 **28**
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Worldline

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 barclaycard

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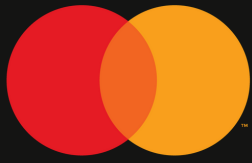
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sift

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d-local

riskified



Payment Gateway Services



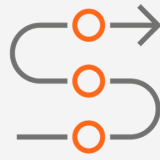
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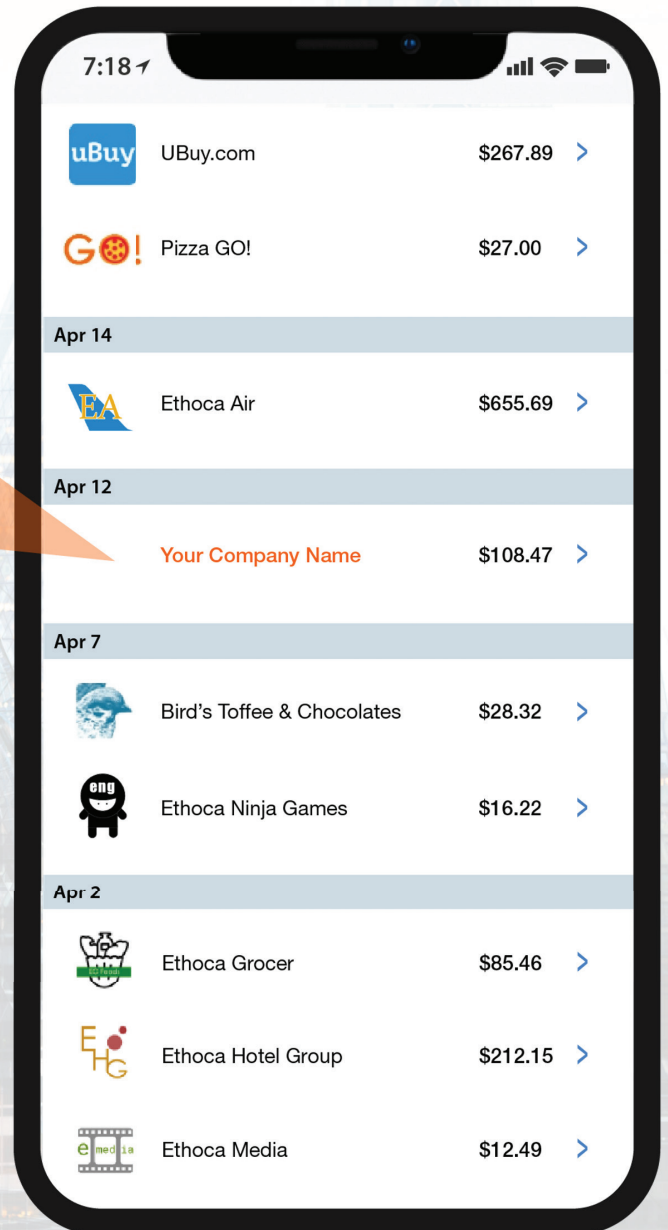
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MPE 2021: Agenda

100 SPEAKERS ON VIRTUAL STAGE

4 conference days || 33 LIVE & On-Demand Sessions

Panels discussions & Key-note presentations

11 Break-out sessions with 40 experts

MPE 2021 covered the New Normal in merchant payments, latest technologies, changing business models & future trends in payment acceptance.



David Birch
Director of Innovation,
Consult Hyperion



Frederik Hesse
Director, Business Development, European
Acceptance and
Acquiring Intelligence,
Mastercard



Rushil Gambhir
Acquiring and
Acceptance, Mastercard



Paul Adams
Director - Acquiring /
Payment Acceptance,
Barclaycard



Louise Garratt
Senior Manager,
International Consumer
Payments, Walt Disney



Kurt Schmid
Marketing & Innovation
Director Secure Digital
Payments, Netcetera

[SEE COMPLETE LIST OF SPEAKERS](#)

MPE Awards 2021

MPE Awards 2021 Ceremony Introduced winners in 14 categories

14 winners, representing the most innovative merchant payment companies in Europe and beyond **were announced in a virtual MPE Awards Ceremony at MPE 2021, on February 22-25.**

The MPE Awards have, over the last 12 years, become an important benchmark of global excellence in card acquiring, POS and merchant payments.

Constantly reflecting market changes, The Awards recognised the best in 14 categories, which have been **UPDATED AND REDESIGNED** since last year.

3 NEW CATEGORIES have been added in 2021 to keep up with current trends:

- BEST OMNI-CHANNEL OR MULTI-RAIL PAYMENT SOLUTION
- BEST IDENTITY/ AUTHENTICATION SOLUTION
- CHAIRMAN'S AWARD - "Best Response to the COVID 19 Pandemic".



Neira Jones
the Chairman of MPE 2021
Awards Judging Panel

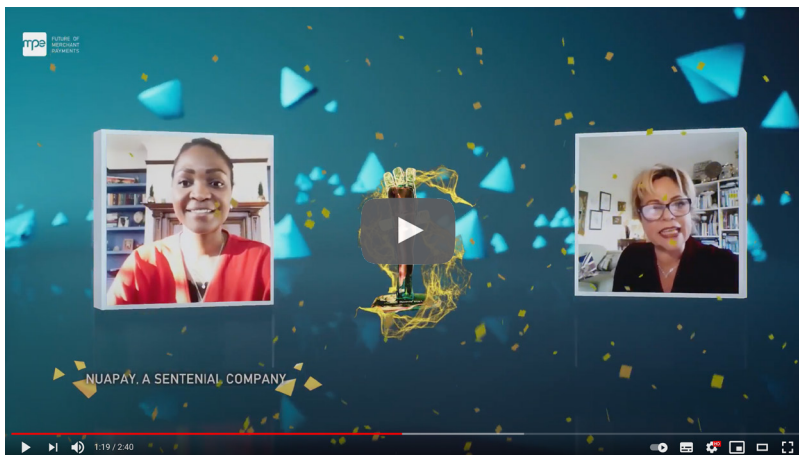
This year, unsurprisingly, The Awards are virtual, but we remain committed to our "Guiding Hand" theme, and this year, our dedication is to "Resilience through Innovation.

*As a testimony to the resilience of our industry, this year, we've had the **HIGHEST NUMBER OF NOMINATIONS ON RECORD** with over 180 entries and the **MOST POPULAR CATEGORY** was "BEST USE OF DATA ANALYTICS/ AI FOR FRAUD PREVENTION / SECURITY" with 19 entries*

Best Use of Open Banking in Merchant Payments Ecosystem Award

This award goes to the company who uses open banking data, or as part of a card of payment initiation solution that drives end user payments to merchants.

... and the winner is **Nuapay**, a **Sentential** company



click here to watch the interview

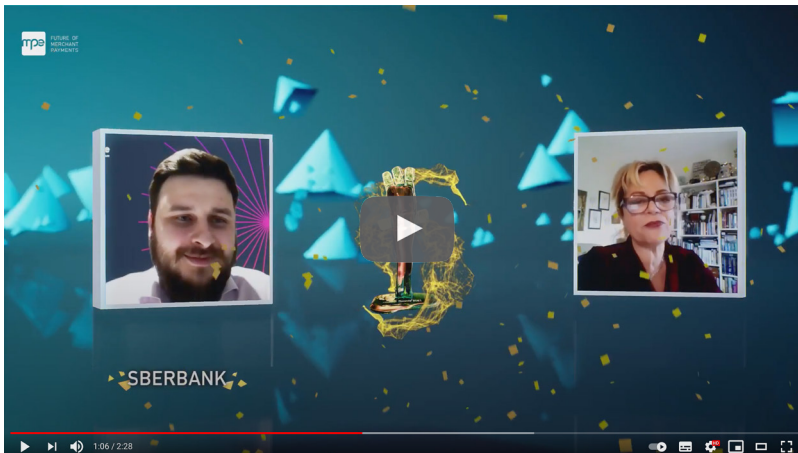


„Nuapay have taken open banking and made it truly useable for merchants by building out functionality including full reconciliation capabilities, collection capabilities, refund capabilities, embedded recurring solutions, as well as solutions to support a complete omni-channel offering with payment on-line, over the phone, physical POS and now also via mail.“ commented Neira Jones, the Chairman of MPE 2021 Awards Judging Panel.

Best Merchant Acquirer / Merchant Processor Award

This award goes to the year's outstanding merchant acquirer or merchant processor who has delivered an outstanding service to merchants located in a single or multiple countries.

... and the winner is **Sberbank**



click here to watch the interview



„The judges found Sberbank to be the best performer in this category being particularly impressed with their continued focus on Innovation, Product Development and Customer Service. Despite the difficult circumstances in the last year they were successful in growing their business significantly during 2020 based, specifically, around their empathy with customers and an ability to respond quickly and effectively to the changing requirements of a very competitive market.“ commented Neira Jones, the Chairman of MPE 2021 Awards Judging Panel.

Best Use of Data Analytics / AI for Fraud Prevention / Security Award

This award goes to a solution showing the best use data analytics/ AI for fraud prevention or security applicable to the merchant payments ecosystem. This category is not open to ID/ Authentication solutions (another category is provided for this).

... and the winner is **Fraugster**



click here to watch the interview

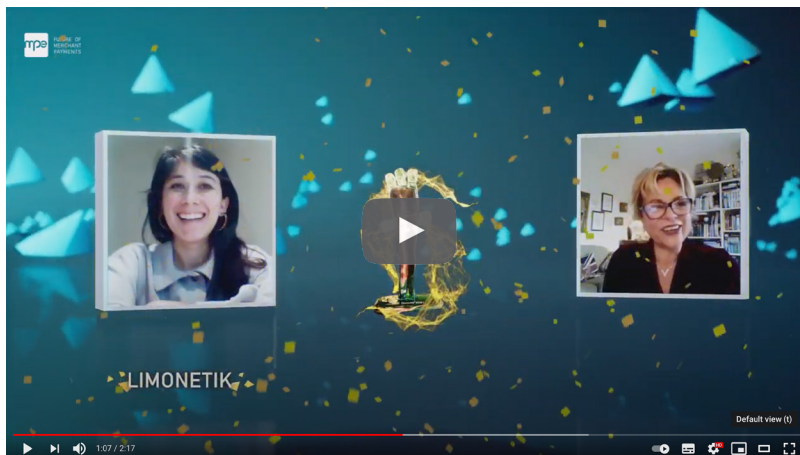


„What three things made Fraugster stand out of the crowded Best Use of Data Analytics / AI for Fraud Prevention / Security Category? The judges acknowledged their ability to provide explainable AI scores, to provide seamless and quick onboarding (within two weeks) and their proven record in significantly reducing false positives“ commented Neira Jones, the Chairman of MPE 2021 Awards Judging Panel.

Best PAAS (Payment as a Service) Provider Award

This award goes to the PaaS (Payments as a Service) provider offering the best payment services and/or best IT platform solutions to banks, acquirers, PSPs and merchants.

... and the winner is **Limonetik**



click here to watch the interview



„Limonetik is the winner in the Payments as Service category since they take away the complexity of all aspects of handling payments. They manage financial complexity (reconciliation, bookkeeping fees handling), payment complexity (enabling access to over 260 payment methods), and risk and compliance complexity. They leverage their capabilities across the ecosystem, from Marketplaces to merchants, PSPs, Fintech and more.“ commented Neira Jones, the Chairman of MPE 2021 Awards Judging Panel.

Best Payments Partnership Award

This award goes to two organisations who have formed a business partnership and by working closely together have delivered outstanding value that goes far beyond a customer-supplier relationship.

... and the winner is **Square**



click here to watch the interview

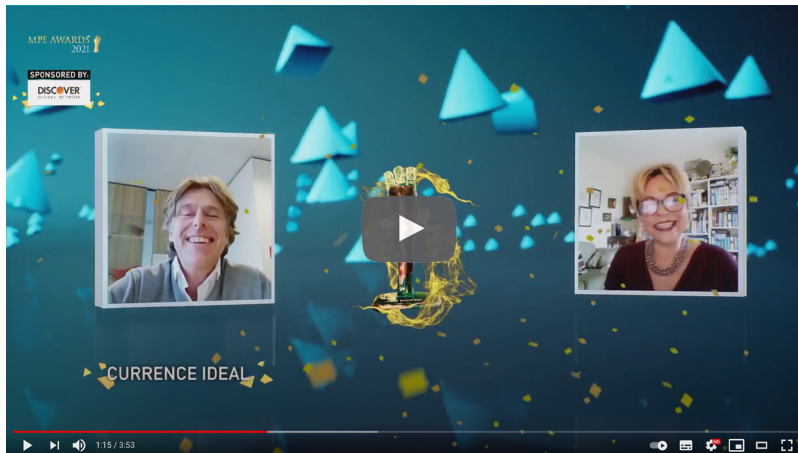


„A true partnership not just a supplier relationship between Mastercard, The Falkland Islands Government and Square that delivered a much needed digitalization of the economy and ability to accept cards“ commented Neira Jones, the Chairman of MPE 2021 Awards Judging Panel.

Best Alternative Payment Method Award

The award celebrates the most innovative alternative payment method considering efficiency, security and creativity in a more and more competitive market.

... and the winner is **Currence iDEAL**



click here to watch the interview

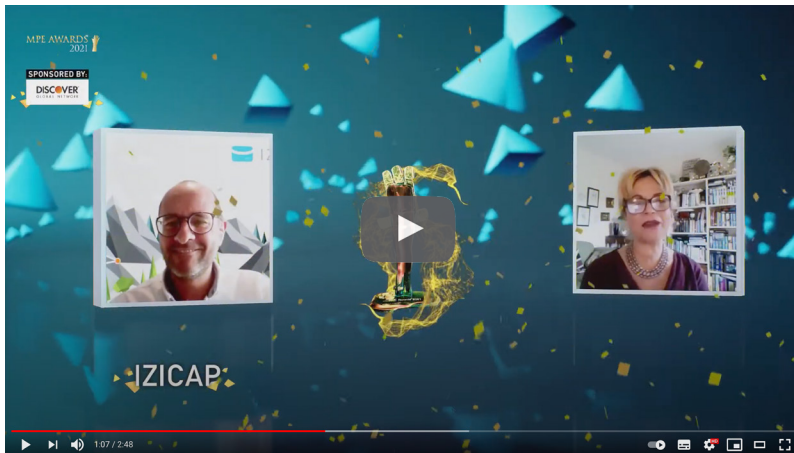


„The judges found Currence iDeal to be the outstanding performer in this category. This is an incredible success story and congratulations to iDeal for celebrating their 15th year with further significant growth across the world. The entry was a model for others; iDeal met all the criteria particularly around speed of adoption, relevance to all stakeholders, innovation and integration with existing platforms. A stand out business.“ commented Neira Jones, the Chairman of MPE 2021 Awards Judging Panel.

Best POS / Payment Solution Award

This award goes to the organisation that has developed a solution that provides real value and differentiation at the Point of Sale.

... and the winner is **Izicap**



click here to watch the interview

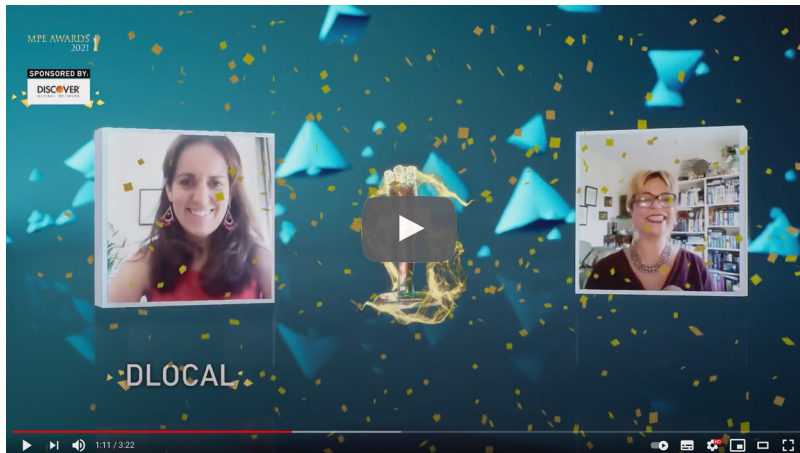


„The jury has awarded Izicap and its loyalty application with Best POS/Payment solution. Izicap’s loyalty solution offers easy integration to a data analytics platform for smaller sized merchants that could not run their own solution. Case studies of implementations have demonstrated the appeal and measurable success of Izicap’s solution.“ commented Neira Jones, the Chairman of MPE 2021 Awards Judging Panel.

Best PSP / ISO / Facilitator / Aggregator (Thirdy Party Provider) Award

This award goes to the year's outstanding payment transaction service provider who provides the best overall service to its merchants.

... and the winner is **dLocal**



click here to watch the
interview

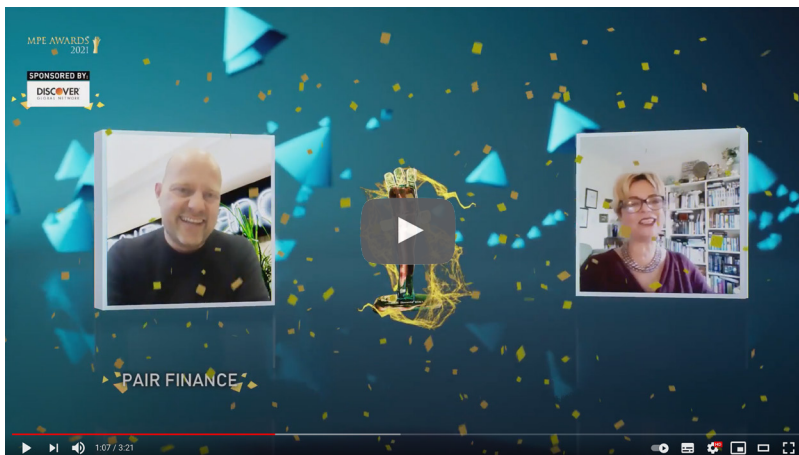


„The judges found dLocal to be the best performer in this category who illustrated how their strategy of ‘thinking local and acting global’ has been very successful. dLocal now operates in 29 markets across the emerging markets in Latin America, Asia Pacific and the Middle East and Africa and are well positioned to grow further through use of their easy integration API. Their focus on emerging markets is to be applauded.” commented Neira Jones, the Chairman of MPE 2021 Awards Judging Panel.

Best Merchant Payments Initiative of the Year Award

This award goes to the best merchant payment initiative of the year. It can be won either by a merchant who developed the solution or by a provider of a payment service to a single or portfolio of merchants.

... and the winner is **PAIR Finance**



click here to watch the
interview

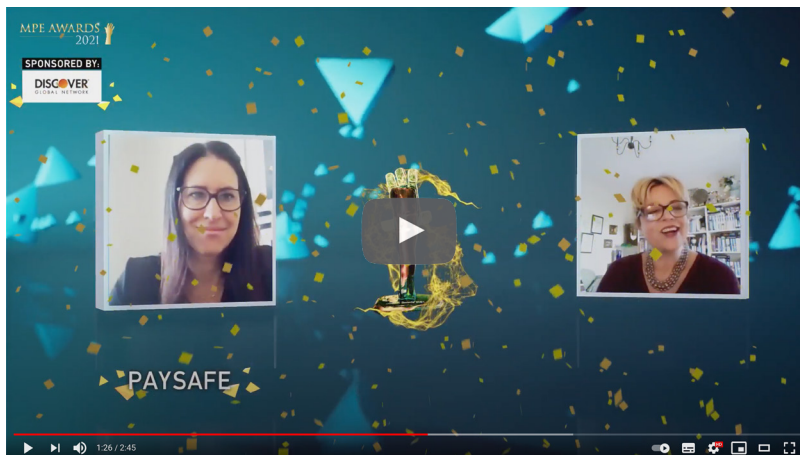


„In the current challenging times we have seen a far greater use of credit in all forms by consumers and merchants. PAIR through its AI-based Fintech for debt collection and receivables management services has gained significant traction, has strong growth and good end user/debtor advocacy all with higher recovery rates than the average..“ commented Neira Jones, the Chairman of MPE 2021 Awards Judging Panel.

Best Omni-Channel or Multi-Rail Payment Solution Award

This award goes to the best omni-channel payment solution that runs on either card, bank or multiple payment rails.

... and the winner is **Paysafe**



click here to watch the interview

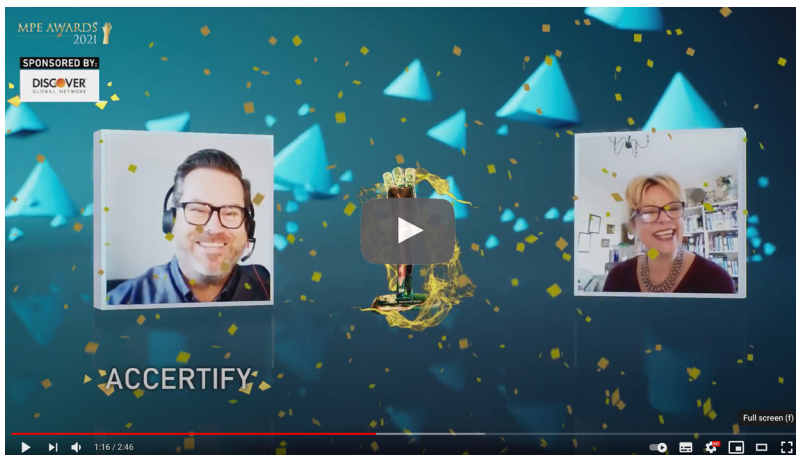


„The judges found Paysafe to be the best performer in this category because of their success in creating a state of the art implementation of frictionless commerce across multiple channels. Their flexible Cloud based solution facilitates swift and easy integration for merchants operating across multiple channels including card present, card not present, offline, online and mobile. There is further flexibility given the system is hardware agnostic.“ commented Neira Jones, the Chairman of MPE 2021 Awards Judging Panel.

Best Identity / Authentication Solution Award

This award goes to the provider of the best ID/ Authentication solution applicable to the merchant payments ecosystem. All evidence provided to the judges will be treated confidentially.

... and the winner is **Accertify**



click here to watch the interview

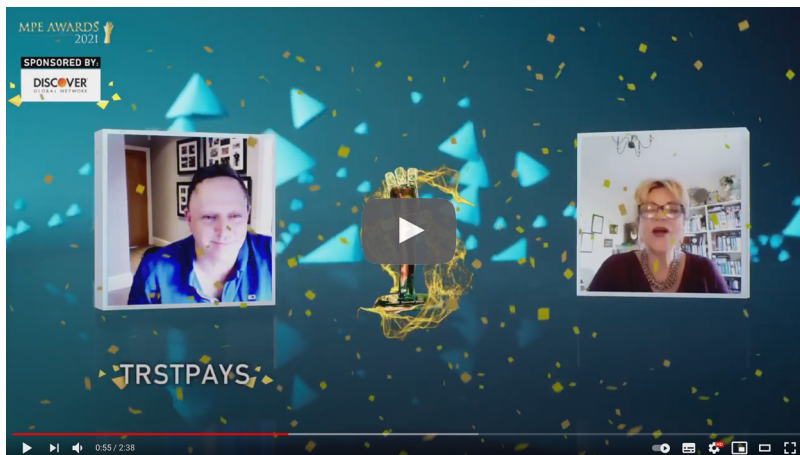


„The jury has awarded Accertify and its Digital Identity (ADI) product with Best Identity/Authentication solution. The solution addresses the growing risk of account takeovers and has demonstrated since its inception 12 months ago that this scalable solution is highly reliable and effective in producing response times to target fraudsters. The jury has been impressed with how Accertify was able to demonstrate how the usage of machine learning technologies can provide real value to merchants and other stakeholders.“ commented Neira Jones, the Chairman of MPE 2021 Awards Judging Panel.

Best Start-Up Innovation Award

This award goes to the winner of the Innovation Corner competition for the most innovative start-up company in Merchant Payments Ecosystem.

... and the winner is **Trstpays**



click here to watch the interview

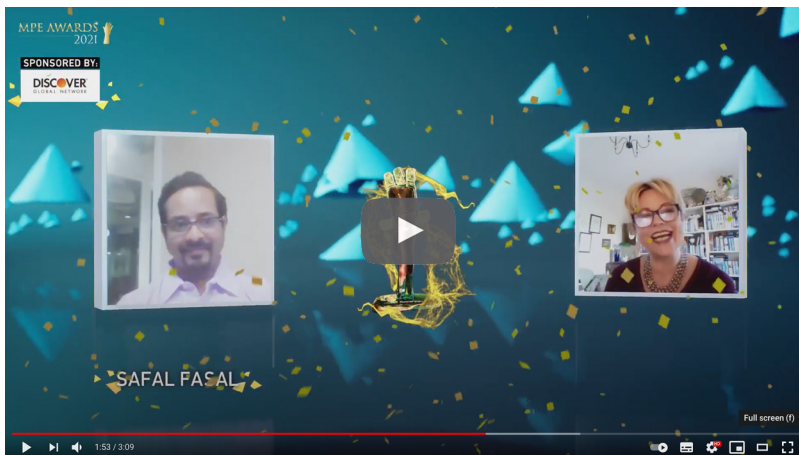


„Trstpays is really honoured to receive the Best Startup Innovation Award from MPE against some terrific competition. It's a great accolade for our service which aims to eliminate collateral and credit risk for Airlines, Cruiselines, and other delayed delivery businesses. Thank you to MPE and everyone who voted for us“ commented Marc O'Brien, CEO, Trstpays

Chairman's Award - Best Response to the COVID 19 Pandemic Award

Open to merchants only, this brand new category is awarded by the chairman and co-chairman and its theme will be different every year. For 2021, the Chairman's Award goes to the merchant that has demonstrated the "Best Response to the COVID 19 Pandemic".

... and the winner is **Safal Fasal**



click here to watch the interview

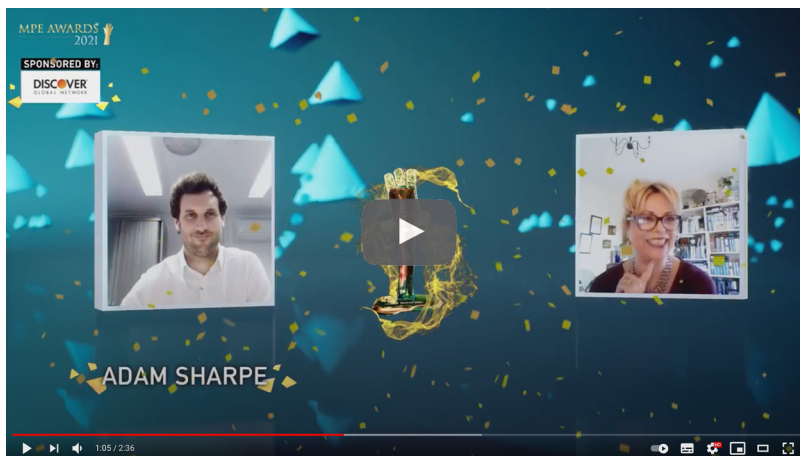


„Safal Fasal was deserving of this award for building a successful ecosystem of farmers, input providers, farm equipment companies, financial services institutions and other service providers. Safal Fasal acts as a marketplace supporting the Indian agriculture community from “seed to market”. As the COVID-19 pandemic drove the demand for digital access to markets, this model has become a lifeline to help farmers digitise their services. During the Spring of 2020, Safal Fasal unlocked financial access for 75,000 Indian farmers, boosting financial inclusion and farmers’ instant access to income, whilst optimising the supply chain across more than 68 districts with a farmer reach of more than 129,000.” commented Neira Jones, the Chairman of MPE 2021 Awards Judging Panel.

MPE Influencer of the Year (Online Voting) Award

To be awarded to the individual (or team) who has provided a significant contribution to the development of the Merchant Payments Ecosystem either on a domestic or international basis.

... and the winner is **Adam Sharpe, CEO, Cardstream**



click here to watch the
interview



"I'm a lucky guy. As founder and CEO of Cardstream, my Fintech career is also my passion, running first equals with my lifelong love of endurance sportscar racing. Both run deeply through my work, social and family activities, although I've eased back from motorsport, I'm looking forward to what the hybrid and fully electric era will bring. Both passions demand and deliver respect, collegiality and friendship within a highly competitive environment. My vision and achievement was to bring those qualities to Fintech with Cardstream's Open Payment Network. This unique ecosystem enables Fintech providers to promote a wide diversity of creative and innovative services to merchants and consumers. It also provides many established Fintech businesses and new payments companies with an ever evolving white-label platform that provides independent global connectivity for tens of thousands of merchants. Winning MPE's public vote to become Influencer of the Year is a huge reward for the efforts and success that both Cardstream and I continue to enjoy. For the future, I am working on bringing the same values to healthcare that have worked so well for payments and commerce. And I look forward enthusiastically to seeing Fintech, Cardstream and MPE evolve further, progressing new opportunities as we overcome COVID-19, whilst our industry continues to thrive and innovate." commented Adam Sharpe, CEO, Cardstream

MPE 2021 Virtual Conference (February 22-25)

Summary of key moments

VOICE of Participants

Thanks for organizing and pulling off another successful MPE notwithstanding the Covid-19 pandemic. This was my 13th MPE. There's no better conference to get a bead on market, competitive, technology, and regulatory trends in Europe's payments industry. While I would have preferred in-person, this year's virtual MPE still served up an interesting buffet of content-rich talks and panel discussions on payments innovation, risk management, usage trends, and the industry's outlook, which is rosy. In terms of highlights, I particularly enjoyed EVO Payments' Geoff Barraclough's comments on building a new payment system (EPI) having to be about more than shaving a few basis points off network fees, regulatory competition, and potentially rolling back SCA in the UK. Accertify's Andy Mortland's presentation on fraud management was fascinating. Sebastian Rojas's update on where Swift is going was a nice change of pace from acquiring and card payments.

Eric Grover, Principal, Intrepid Ventures

Thank you for an outstanding event!!! This was really perfectly organized from every point of view, everyone at Accertify loved it and complimented you and the team.

Irina Tileva, Marketing EMEA at Accertify Inc.

My congratulations to you for the smooth transition from the 'normal' physical Awards to the Virtual experience these last few days. The production was excellent and Neira did a great job. The conference seems to have gone well when I have been online and I hope that is the case. However, there's no substitute for being together in Berlin and I hope we are able to return there in 2022. Good stuff, take care and see you next year.

Roger Alexander, NED at Valitor

Congrats for hosting and running the virtual event. I thought the event was great, with quality discussions and strong technology base. Well done.

Volker Schloenvoigt, Principal, Edgar, Dunn & Company

We found this event highly successful and have been very pleased with the results. Thank you for organising such a valuable event. We were very pleased to sponsor once again.

Fiona Wijngaards, Director of Sales, EMEA at Ekata

Every year MPE is even better & better, it is one of a kind event which provides the top industry insights. I have been part of MPE for 4 years now and every year, I find at least one new potential payment partner for our platform.

Faheem Bakshi, Head of Payments, Kinguin

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2021: The year of opportunities



Kurt Schmid

Marketing & Innovation

Director Secure Digital

Payments

Netcetera

(Day 1, Session 1, Panelist)

2020 was dominated by the Corona pandemic and the associated challenges. The focus now turns to what opportunities will open in 2021. To look to the future, it is helpful to keep in mind the developments of the past years. The opening session of this year's online conference Merchant Payments Ecosystem with Kurt Schmid, Marketing & Innovation Director Secure Digital Payments at Netcetera, was focused on this topic.

The main trends that emerged in the payment industry in the last few years and experienced a major push forward in 2020, are contactless, mobile and e-commerce in general. E-commerce is seeing very large growth: for example, in the UK, e-commerce sales grew as much in 2020 alone as it had in the previous five years combined. Contactless has become the standard for cashless payments: Around 80 percent of all card payments are now processed this way. This paves the way for the shift from plastic cards to mobile devices. Smartphones will be established as the new predominant form factor. Consumers now prefer to use mobile devices for online shopping; hence this area is experiencing a very strong growth.

These changes in consumer behavior brought about by

Corona, in particular regarding the use of contactless technology and e-commerce, are sustainable and will continue even after the pandemic.

Blurring boundaries

The boundaries between e-commerce and brick-and-mortar business are blurring increasingly. Many market participants expect in-app payments, such as those common with Uber, to grow strongly in stationary stores as well. Starbucks' app is just one example. In a study conducted by Mastercard, in-app payments were rated best in terms of both user-friendliness and the ability to integrate additional services (value-added services).

When it comes to value-added services, both acquirers and most merchants expect digital receipts to replace paper receipts within the next five years. Other services that acquirers and merchants consider likely trends include personalized and instant rewards for purchases made directly at the POS and buy-now-pay-later offers. In the end, the user experience decides what is really used in daily life - i.e. whether consumers find a payment method convenient and secure, and what additional benefits it offers them.

Outtakes of the session on "Payment Facilitation, Payment Orchestration and Merchant aggregators models"



Maria Brumberg Head of Payments & Billing Projects unit Paymentsop

(Day 4, Break out room 2, Moderator)

Payment Facilitation & Payment Aggregation models allow SaaS platforms, marketplaces, and merchants with complex payment setup to provide their business clients with payment processing services in a streamlined and frictionless manner. At the same time, these models are associated with certain regulatory requirements and financial risks for the operator. Technological infrastructure development and maintenance and expansion to markets outside the EU & US are also among the most common challenges that merchants face when providing integrated payment services within their platforms. During this breakout room session, the panel of payments industry professionals came together to address the questions related to different aspects of payment facilitation and aggregation strategy and operation.

Below are the main outtakes from this session:

1. Define your business needs and plan ahead

There is more than one way to incorporate payments service as a part of your value proposition. SaaS platforms can create value by embedding payments within the platform while not being directly involved in the processing. Incorporation of payment upgrades platform's ability to serve its users by granting access to both commerce and payments data via one single source.

Marketplaces may require a deeper involvement in the payments flow. Handling the entire flow from pay-in to pay-out is often essential for a marketplace. Thus, by becoming in essence a payments company marketplace can offer the best value proposition to users.

SaaS platforms and Marketplaces need to strategize beyond payments, there is a lot more value to be delivered via additional types of financial services such as card issuing, wallet management, and lending.

2. Explore available options for payment incorporation

ISO, Aggregator, Payment facilitator, Managed payment facilitator are all plausible options for your business. The right model will depend on your desire to be involved in the cash flow and your readiness to manage the operation and the risks that are associated with such involvement. Keep in mind, though, that your business may monetise payments even if it's not directly involved in the payment processing.

You may start out from one model, such as ISO or a managed payment facilitator, and gradually migrate toward more complex models, such as aggregation and payment facilitation. The level of involvement will increase

organically with the growth of your business. With the right approach you can monetise the partnership with the payment service providers.

3. Do payment service provider research

It is crucial to find the right payment service providers to support your business goals. Over the past few years best in class payment vendors have developed solutions to support marketplaces and other aggregation models. Moreover, many of these providers see collaborations with SaaS platforms and marketplaces as a strategic goal for the upcoming years.

From the market perspective, USA is the best served market where a sufficient number of PSPs offer support for integrated payment models including omni-channel payments. The UK is also a market with a sufficient number of payment service vendors available. In the EU the task to find a suitable provider may be somewhat more challenging especially if you need omni channel support. Other markets such as LATAM or Australia may present an even bigger challenge as the number of reliable vendors with good service records is quite limited.

Additionally, providing payment services in regions like LATAM comes with a number of challenges related to unstable processing infrastructure and a need for failover, ability to process payments in local currencies and accept local payment methods, manage FX and cross border settlement, as well as ability to handle local tax. Therefore, it is crucial to strike a partnership with the right provider that will handle these particularities seamlessly allowing the SaaS platform or a Marketplace the freedom to boldly expand into the new geographies.

4. Develop a strategy to manage your integrations

Payment orchestration platforms were designed to release the burden of handling integrations to multiple PSPs.

SaaS platforms and marketplaces often need to support and develop multiple integration to provide best in class service to their customers, thousands of development hours are spent on this task. The quality of the integration may suffer, as many features are de-scoped to save precious time, resulting in very basic and possibly unstable connections. It is best for the platform to dedicate available R&D resources to building new features that add value to the core product and outsource the task of payment integrations development and maintenance to a payment orchestration platform. POPs give the business flexibility to support tens and even hundreds of integrations at the same time.

Furthermore, payment orchestration platforms come packed with other essential tools that allow businesses to manage risk, monitor transactions, execute KYC verification, issue Payouts and much more. Additional value may be found in the payments data standardization, on demand reporting services, and dashboards designed to provide the most relevant for the operation teams.

5. Incorporate Right Fraud Prevention Tools

Transaction monitoring is an integral part of the operation when you are an aggregator of a payment facilitator. Requirement to screen transactions originates from the card schemes. But even in white-label payment facilitator or ISO models often vendors want to ensure the legitimacy of transactions going through their platform. Transaction risk analysis serves you best when your traffic goes through one monitoring tool to allow better data analysis.

Customer authentication requirements change from market to market as well as consumer behaviour. Local payment methods also may bring additional identification challenges and unique fraud patterns. This is why it is crucial to have a fraud prevention tool that will allow flexibility in screening and risk assessment processes. The goals are to achieve optimal protection in any geography, address peculiarities of each market, and at the same time avoid the overload of unnecessary rejections and false positives. Chargeback guarantee is a feature that may be helpful when entering new markets where consumer behaviour is unpredictable.

6. Leverage Payouts

When managing a SaaS platform or a marketplace consider your Payout Strategy as a part of the holistic payment solution. Just like with payment processing, payout methods, user habits, and regulation requirements vary from market to market. At the same time, it is crucial to allow instant payouts while keeping the costs low. Payment orchestration platforms may provide the vendor with abilities such as card issuing and lending tools, thus, enabling payout monetization.

Why local payments infrastructure holds the key to post-Covid sales



James Booth VP of Partnerships EMEA PPRO

(Day 1, Session 2, Keynote Speaker)

E-commerce businesses of all shapes and sizes will need to tap into local payments infrastructures to grow their cross-border sales in a post-Covid, digital-first economy. The question is: should they buy or build that infrastructure?

Let's get the most overused statement of 2020 out the way: Covid 19 has changed the world. As far as e-commerce and payments are concerned, shopping online has become the norm – not just in developed countries but also in emerging economies. A global digital economy that had been years in the making arrived at the click of a checkout button.

The changes in shopper behaviour have been so apparent and widespread that to write about them can sometimes feel like pointing out the obvious. It'll come as no surprise that cross-border e-commerce increased by up to 45% in 2020. But despite the undeniable shift to a global, digital-first global economy, another fact remains: 77% of all online purchases are made using a local payment method.

What are local payment methods? (In case you don't know...)

Put simply, local payment methods (or "LPMs") are the most popular payment methods in a particular country or region. Some like to call them "alternative payment methods". But depending on which country or region you're in, they are the preferred payment method. Brits and Americans prefer credit cards such as Visa and Mastercard, whereas the Chinese adore e-wallets like Alipay. The 77% stat is proof that the way people pay for things online remains local. So if

businesses want to win big in the era of borderless e-commerce, they'll still need to integrate these methods onto their payment platforms.

It sounds like a simple formula for success: "add more local payment methods, watch your conversions skyrocket". Unfortunately, it's not that easy. Going it alone in a market of unknowns can be complex and costly – even for the world's biggest payment service providers (PSPs), enterprises, and banks. Let's say a PSP has a strong offering in the United States and now wants to break into China. It'll have to forge direct integrations with China's most-popular LPMs from scratch, whilst navigating the country's laws, regulations, and banking network. That can take considerable time and resources. Time and resources that PSPs should spend on doing what they do best: building seamless, consumer-centric payment portals for their merchants. There is a solution – and it lies in infrastructure.

As bricks-and-mortar businesses began to digitize ten years ago, the talk of the town was infrastructure. It wasn't enough to make piecemeal IT improvements. Root-and-branch digital transformation was the goal – and the only way to achieve it was for businesses to pursue an all-in-one infrastructure that met all their needs. The question for businesses was whether to build that infrastructure in-house or outsource it from cloud-computing providers that could do the heavy-lifting for them. Fast forward to 2021, and it's fair to say that "buy" won, with more and more businesses tapping into infrastructures like Amazon Web Services, Microsoft Azure, and Google Cloud.

Get the LPM experts to do the heavy-lifting

With the pandemic presenting unprecedented opportunities for global growth, e-commerce has reached its build-or buy moment. Building a local payments infrastructure in-house is possible, but it's not easy. Adding a single local payment method can take up to 6 to 12 months. Once the LPM is up and running, it could end up costing over \$1 million in integration and maintenance costs for one year alone. And there are plenty of operational complexities to think about, from managing the entire payments cycle to navigating local laws and regulations.

For merchants with little payments expertise, building infrastructure may be too big a burden to bear. And while larger PSPs and banks may have the financial muscle to acquire LPMs at will, they'll still encounter many time-sapping distractions that come with assembling, building, and managing an LPM offering from scratch.

On the flip side, buying (or outsourcing) a [pre-existing infrastructure](#) could help businesses integrate LPMs at a great-

er pace, which in turn could see them break into markets faster. If companies are thinking of going down the "buy" route, they'll need to look for an infrastructure that does three things:

1. It should offer deep integrations with the world's best local payments methods.
2. It should manage the end-to-end flow of funds for each LPM, taking care of all the technical, legislative, and financial nuts and bolts.
3. And the infrastructure as a whole should be easy to integrate through a few simple APIs.

By investing in infrastructure like this, businesses could rest easy knowing that they'd be leaving the heavy-lifting to the experts.

Some of the biggest PSPs, banks, and merchants have already chosen to buy their local payments infrastructure to boost their post-Covid conversion rates. Those that don't are likely to spend a great deal of time and expense trying to go it alone.

PSD2 SCA and 3D Secure 2: What to expect in 2021?



Marco Conte Payments and Risk Consultant & Co-Founder Payment Universe

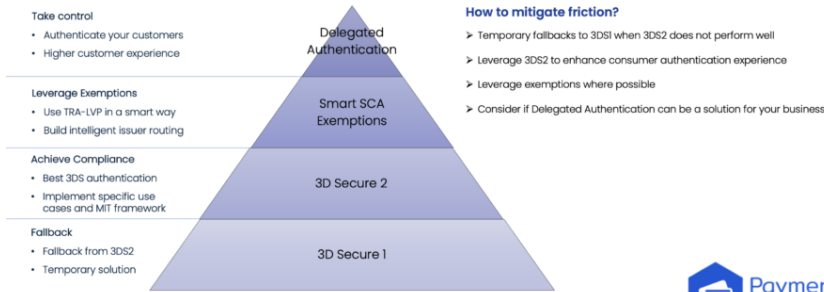
(Day 2, Session 2, Speaker)

This week we had the pleasure to listen and participate in several discussions at the Merchant Payments Ecosystem 2021 virtual event where we can strongly say PSD2, SCA and 3D Secure 2 (3DS2) have been, as expected, the most discussed hot topics in many panels from both merchants and payment service providers/ vendor

sides. As we are now in the middle of the SCA transition journey, we have decided to write down a couple of our recommendations, for merchants and payment service providers, on what we see necessary to be done in 2021 to tackle the SCA challenge in the most convenient and frictionless way for the end-users.

What to Expect from SCA and 3D Secure in 2021?

PSPs/Vendors should build smart products – Merchants should define SCA strategies



National Competent Authorities PSD2 enforcement plans

For many countries within the European Economic Area (EEA), Strong Customer authentication requirements are already fully mandated, independently from transaction amount thresholds. Be sure that you stay informed and up to date, keeping an eye on the various soft-decline transition plans in 2021 for Strong Customer Authentication.

You can take a look to the full enforcement list on our [previous blog article about it](#).

SCA and 3D Secure 2 Performances are improving, but still much needs to be done.

We have seen that the volume of 3DS2 transactions has nearly doubled compared to the end of 2020, with the majority of merchants very closed to full PSD2 requirements compliance for specific use cases such as Merchant Initiated Transactions (MITs). Nevertheless, issuer performances have been different in January, and we have seen some technical issues which are being/ will be tackled as soon as possible by the different providers within the payment



chain. Some errors are purely related to incorrect flagging on the authorization level (Incorrect SCA exemption or exclusion flag or missing Directory Server Transaction ID) while others are related to the authentication phase (incorrect characters, merchants sending not accurate 3DS2 fields, issuers having issues while authenticating customers in mobile app environments).

Smart logics as key for 2021 SCA success

Payment Service Providers and Vendors such as Risk Management Providers have an enormous role in offering to merchants solutions advanced features to leverage data intelligence and optimizing conversion rates within this transition phase. If the new 3DS2 data and issuers behaviour are utilized in the best way, merchants can minimize abandonment and

NCA's full enforcement is coming

The transition towards SCA is progressing with soft-decline programs

- 1st of March
- 15th of March
- 1st of April
- 18th May
- 1st of July
- 14th of September



Transition period with Soft-Declines plan
SCA fully enforced

friction caused by a non fully yet perfect 3DS2 solution.

We know that very few merchants in the market can build advanced engines fully on their own, that's why we say: PSPs/Vendors should build SCA Smart engine products – Merchants should decide their SCA 2021 strategies based on those.

If you are a PSP/ vendor needing support with offering an advanced SCA Smart Engine solution to your merchants, let's have a chat about it.

Is SCA Delegated Authentication a good fit for your business?

The PSD2 RTS (Regulatory Technical Standards) require transactions in the scope of the regulation to be authenticated with SCA (Strong Customer Authentication). The answer from the payment industry has

The situation is improving, but still much needs to be done

The last months have showed several technical errors on 3DS2

Market Performances

- Best Performing:**
- United Kingdom
 - Ireland
 - Sweden

- Worst Performing:**
- Italy
 - Spain
 - Belgium

Authorization errors

- Some main errors which can be easily avoided:
- Incorrect Exemption or Exclusion Flagging (i.e MIT)
 - Invalid AAV
 - Missing or wrong DS Trans ID

Authentication errors

- 3DS Servers to handle ISO values and special characters
- Issuers to optimize mobile authentication flows
- Merchants missing or inaccurate data for key fields
- Merchants not enrolled (Mastercard)

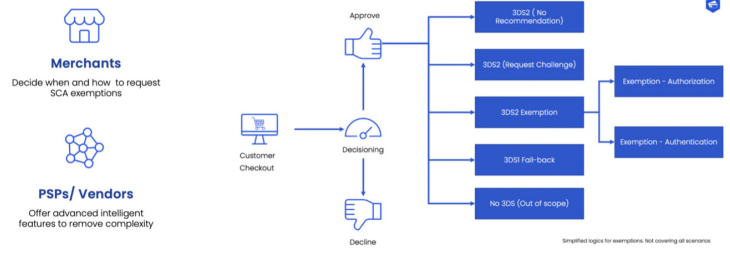
been upgrading the old 3DS1 protocol into a new and more advanced 3D Secure 2 (3DS2.1 & 3DS 2.2) solution focused on a way better customer experience, where issuers will authenticate their cardholder following the SCA requirements. Being the quickest solution to achieved PSD2 Compliance, this will be surely one of the most common ways to authenticate customers.

But let's not forget that there is the possibility to move the SCA authentication step from issuers to merchants, leveraging SCA Delegated Authentication possibilities.

For some businesses, Delegated Authentication can be a very attractive solution with visible benefits in keeping the SCA authentication within the merchant ecosystem ensuring higher authentication rates

Smart logics as key for success

PSPs/Vendors should build smart products - Merchants should decide SCA strategies



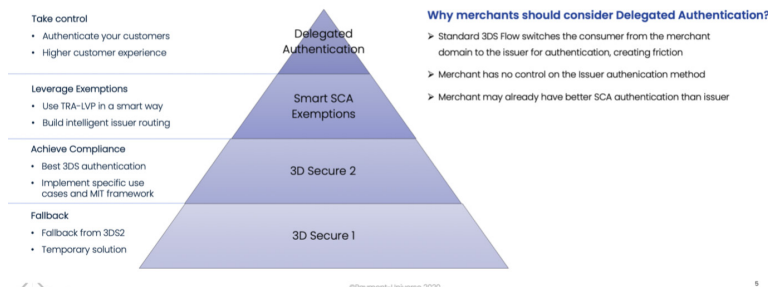
and a smoother customer journey. Even though we are in the early phases with Delegated Authentication, we strongly recommend to be fully familiar with this solution and to make a decision about including it into your 2021 SCA roadmap.

If you want to learn more about delegated authentication take a look at one of our previous blog posts about it or let's schedule a chat. This is now becoming a daily topic in our discussions with merchants and Payment Service Providers.

2021 is the "SCA year" for the payments industry, a historical milestone in setting up new security standards for the European continent. Be sure to get the best out of it turning it into a business opportunity!

Delegated Authentication

Delegated Authentication can be a valuable SCA alternative for many businesses



Digital Identity, Biometrics & Tokenisation

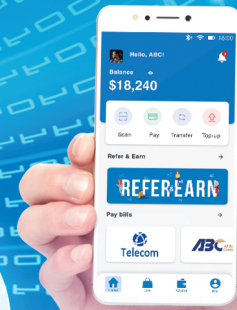


Andrew Mortland
Vice President of Product
Accertify Inc.

(Day 3, Session 2, Keynote Speaker)



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RISE IN IDENTITY FRAUD WORLDWIDE:

A recent study by Javelin Strategy points to fraud losses doubling from 2019 numbers to over \$31 billion USD in 2022¹. What has been particularly notable over the past several years is that not only are fraud attacks on the rise, but the complexity of the attacks continues to grow. This trend, which has been very challenging for online merchants to address, continues today, more than a decade later.

For the past 5-6 years, Accertify's clients have been reporting very complex attacks, most commonly Account Takeover fraud, where a criminal hides behind the good reputation of an existing customer to commit fraud. Javelin reported last year that account takeover attempts were up 72% in just one year¹!

COMPROMISED PASSWORDS & STOLEN CREDENTIALS:

Behind many of these complex attacks is the wide availability of stolen consumer information, coupled with poor password 'hygiene'.

Password management software company LastPass shared concerning numbers about password reuse: 91% of consumers understood that reusing passwords wasn't ideal, but even then, two-thirds used the same passwords and 47% of respondents indicated that they reused passwords between work and personal accounts².

Stolen credentials are widely available on the dark web and inexpensive. Prices can vary depending on the nature of the data, but data dumps of millions of credentials can be purchased for only a few dollars. With computers being able to test up to 100 million passwords per second³, this stolen consumer information can offer fraudsters a quick and easy way to make money.

ACCERTIFY LAUNCHES DIGITAL IDENTITY SOLUTION (ADI):

The complexity of these Account Takeover attacks demonstrated the need for an end-to-end solution to help merchants tackle this problem – in February 2020, Accertify launched Accertify Digital Identity (ADI): ADI analyses billions of data points using machine learning, advanced behavioral analytics and device intelligence technology to calculate a trust score and associated reason codes for account activity in real-time to help prevent fraud loss. This solution leverages the power of the Accertify network to identify trusted attributes so organizations can confidently confirm new accounts, while also mitigating or flagging potential risks. It also provides ongoing monitoring of customer accounts to identify unusual activity,

such as successive account updates and automated bot attacks.

BUILT ON 5 PILLARS OF TRUST:

Utilizing the latest machine learning models with the experience and insights that American Express are able to share with us, ADI is built upon "5 Pillars" to enable a merchant to know whether a specific interaction on their website is risky or trusting. The main ethos of the platform is to give real-time insight, without increasing friction or impacting the customer user experience on the merchant platform.

The 5 Pillars of Trust:

1. Device: In addition to traditional device fingerprinting, there are hundreds of signals we can collect about a device and how it is being used. We can ask questions like "Has the phone ever made a call?"; "Is there any malware installed?"; "Is the battery always charged?"; "Is the phone lying perfectly flat?" – how trusting are the interactions with the device?

2. Connection: You can create a virtual picture on how an individual connects to a website. What are the Internet Service Providers (ISPs) they use? What mobile provider do they use? Does the traffic appear to be coming from a hosted data center? Is the user attempting to mask their IP address, or come through a proxy? Looking for inconsistencies in consumer connectivity behavior is extremely predictive, especially in combination with other IP/ISP data.

3. Location: There are a variety of options for collecting location data, with varying degrees of accuracy (IP location, HTML5 location, mobile data), but more broadly, assessing whether or not this location 'makes sense' for the current user can offer predictive insights. The majority of users tend to remain in a relatively small geographic area for their online interactions, and careful observation and analysis here is key.

4. Behavior: User Behavior Analytics measures how a user interacts with a site or a mobile app and is a key method of measuring the trustworthiness of a user. Each person interacts with their keyboard and mouse differently which is why this data is impossible to spoof. The same applies for how they swipe on a screen. We also analyze insights like typing cadence – the speed and rhythm with which a user enters data like their email address or phone number. The ADI models can look at the order in which a person or script fills out fields (good users type in a systematic top to bottom flow; fraudsters jump from field to field depending on how the info is formatted on the file they've have purchased with stolen data). For ex-

ample, we can recognize bots or automated scripts – this can be seen in places where mouse ‘sinuosity’ is 1.000 – the movements are in perfectly straight lines. On top of standard automated attack detection, we also measure a user’s behavioral signals so we can recognize when it is them coming back instead of an imposter.

5. Community: The final pillar is community, and it is one of the keys to how our product sets itself apart from competitive offerings: Operating for over 13 years, Accertify now secures over \$1 trillion of transactions annually; protecting 40% of the world’s largest e-commerce companies and 6 of the largest global airlines. Our technology and consortium data also include top US and EU banks. Being able to leverage the insights from these large companies, enables us to offer predictive analysis of data.

SUMMARY:

Fraud attacks and their sophistication continue to evolve.

To stay ahead, we need to evolve our detection and prevention techniques. Careful observation of our customer’s accounts, as well as a holistic assessment of noteworthy interactions are key. The techniques described in this presentation offer additional tools to assist in protecting your company’s bottom line, your customers and corporate reputation.

It can be a daunting time in our industry, but the application of these tools, and more importantly, the combination of these tools can really empower you to identify many of today’s complex fraud attacks.

1 Javelin Strategy and Research 2020 Identity Fraud Report
2 Source: <https://www.lastpass.com/resources/psychology-of-passwords-2020#:~:text=LastPass%20Psychology%20of%20Passwords%20report,and%20the%20results%20are%20alarming.&text=53%25%20of%20respondents%20haven't,a%20breach%20in%20the%20news>.
3 Source: [a-computer-can-guess-more-than-100-000-000-000-passwords-per-second-still-think-yours-is-secure-144418](https://www.foxnews.com/tech/2020/08/11/computer-can-guess-more-than-100-000-000-000-passwords-per-second-still-think-yours-is-secure-144418))

The Digital Shopping Journey and a Cashless Society



Lee Jones

Managing Director Northern
Europe, GSV
Worldline

(Day 4, Session 1, Keynote Speaker)

It has been a year since the COVID-19 pandemic began, and the end is in sight: as of time of writing, vaccinations are being rapidly rolled out and there is a roadmap for when things will be back to some resemblance of normality. That does not mean that all businesses should think of 2020 and 2021 as a bad memory and move on. It is time to think and reflect upon how you have adapted and will now deal with a socially distanced retail ecosystem in a post-pandemic world. Those retail businesses still able to operate during lockdown,

such as pharmacies and grocery stores, have gone increasingly cashless with little to no problem and as the use of cash has understandably reduced. When we look at the evolution of payments, both on and offline, we can see a clear trajectory towards potentially a retail environment without paper money and coins: from the launch of the first chip cards in 1974 to PayPal’s launch in 2000, through to the introduction of Chip and PIN cards in 2003 and the first contactless cards in 2007, right up to Apple Pay’s introduction in 2014.

We have seen how when given the option customers are increasingly choosing to use contactless cards: 46% of credit card payments and [64% of debit card transactions in the UK were contactless in September 2020](#). In Italy, contactless payments in the first half of 2020 totalled €31.4 billion, up 15% on the same period in 2019. In France contactless payments in the second half of 2020, the height of the pandemic, grew by 128%, representing 63% of all transactions. Everything has tended towards reducing 'friction' while taking the burden of ensuring payment security away from consumers and retailers.

Friction at the Checkout

What do we mean by friction? It can be anything that adds an extra step or slows down the shopping experience. Even an act as simple as taking your wallet out of your pocket is friction, hence why Amazon is trailing a supermarket that takes payments automatically when you walk out of the door. The payment experience can be a chance to wow or dismay the customer. It is the 'moment of truth'. It is when the customer fully commits to buying something, and the less smooth the experience and the more friction the higher the chances that the customer will not return, possibly for ever.

But contactless payments are the tip of the iceberg when it comes to how retailers can create payment experiences that are more dynamic, engaging and safer. For example, in an Apple store, each employee is empowered to take payments wherever they are in the store – if they are helping a customer who has made the decision to buy, they will not need to tell them to join a queue at the tills to pay, they can take a payment on their mobile devices at arguably what is the most convenient and safest point.

This lack of friction has a direct financial impact. Just as importantly, this system encourages staff to see themselves as concierges rather than shop assistants, able to take a customer through their journey from start to finish and build rapport along the way. Because they do not have to sit on checkouts waiting for customers to come to them, they can be proactive around the store. The result is more employee engagement and satisfaction. In fact, recent [research shows](#) that one in three customers will abandon a brand after just one bad experience, and 92% will do so after two or three, and potentially forever. 86% of shoppers are willing to pay more for a great customer experience. Cashless has a key part to play in delivering a fuss free and simple shopping experience.

From Physical to Digital

This crossover from digital to physical is something we will see more of as we enter a post-pandemic world. This presents a challenge to data-led retailers: how can you know if a

customer started their journey online, became interested in a product through digital channels, then came to a store to purchase? Or perhaps the opposite is true: many people will browse items in-store, think a purchase over and then buy online. Without this data, it can be hard to see what is and what is not effective. You also cannot diagnose if there are points in the customer journey where potential customers are dropping out.

As such, there are now tokenisation systems developed that allow retailers to track a customer's journey on and offline and generate actionable insights regardless of which channel a customer uses. This clearly has use cases in marketing: companies can track customer behaviour, assess the performance of different channels or brands and create targeted marketing campaigns. For example, if a particular store in a chain is running a promotion that is not available online emails could be sent to customers that you know have shopped there before or even those who are nearby. Tokenisation also allows cross-channel use cases to be put in place in a seamless way. Transactions can be monitored and refunds can be processed online and off, while other customer-focused processes like Click and Collect enabled.

Retail After COVID

We are all familiar with self-service checkouts, and their use has only increased during the pandemic, but we are beginning to see stores in China that are 100% self-service, and although in Europe we are a little behind, we are used to paying for fuel, train tickets or parking without any human interaction. At Worldline we are also seeing interest around Scan and Pay: shoppers using their own mobile devices to scan items as they shop then being able to choose between one-click payments or going to a checkout if they prefer.

Lastly, loyalty programs are also showing signs of evolving as they strive to become much more convenient and fuss free. Today, you might have a wallet bulging with multiple cards or a phone filled with apps even though when paying for your goods all you need to do is tap your phone or card. A two-tap system where you can tap one card for points and one for payment is already in place in many places, but single-tap payment solutions may be possible where a mobile device can pay and add points at the same time.

It remains to be seen how the collective experience of COVID-19 will change consumer and retailer behaviour in the long term, but the changes will be significant and we can be assured that contactless payments are here to stay (especially since payment limits are to increase). This and the blending of digital and physical spaces will allow for faster, more dynamic payments that fit around a customer's needs. The result will be a shopping experience that is richer, more satisfying and more social than we have ever experienced.

Going Global in the New Era of Digital Commerce



Sarel Tal
VP EMEA
Rapyd

(Day 3, Session 1, Keynote Speaker)

With steep digital commerce growth projected across the globe, there has never been a better time to expand digital commerce. Increased global internet connectivity, combined with expanding logistics networks and an ongoing trend towards digital commerce make cross-border sales growth an important objective for companies of all sizes.

To reach and engage with consumers in overseas markets, merchants rank checkout experience and offering the right payment methods among the most important factors. However, 65% of merchants don't feel prepared to handle cross-border payments. (Visa)

Defining the Cross-Border Opportunity

- Global cross-border shopping will account for 17% of ecommerce by 2023, with sales valued at \$736 billion globally. (Forrester)

- Four billion people around the world have internet access (Statista) and 3.5 billion of them are online for an average of six and a half hours every day (We Are Social Inc.).
- Almost 88% of merchants recognize cross-border sales as a fundamental component of long-term success. (Visa)

Why Customers Buy Cross Border

Customers have an ever-increasing number of options when it comes to making online purchases from domestic and cross-border sites. Availability and price are primary criteria for making a decision to purchase from any retailer, but there are a number of other factors that influence the decision to purchase from international sites. Knowing what influences customers' buying decisions can drive sales in any market.

Optimize User Experience with Preferred Payment Methods

Offering easy checkout with preferred payment methods is absolutely critical to driving conversions with cross-border buyers. Offering customers limited choices or not accounting for local preferences, are common mistakes.

Although some credit



Top Five Consumers Say They Buy Products From International Sites

1. Website offers products I can't find here.
2. Cost (including shipping) is lower than what it costs here.
3. I'm experienced buying from foreign sites and have had good experiences.
4. The website offers more variety of products than domestic retailers.
5. Delivery time is similar to domestic purchases.

cards and ewallets allow customers to make international purchases, this does not mean that they will be willing or comfortable using these to pay a merchant in another country. To reach the majority of global consumers, businesses need to offer locally preferred payment methods in every country where they do business. These methods can vary significantly by country and region – from eWallets like AliPay and GrabPay in Southeast Asia to cash payment methods like Boletto in Brazil to Simple Payments in South Korea.

Benefits of Localizing Payments for Cross-Border Transactions

- Higher conversion rates and lower cart abandonment
- Better ability to compete against local merchants
- Improved consumer adoption, loyalty and trust

How Can Businesses Simplify Cross-Border Payments?

Payments are a critical aspect of successfully growing online sales internationally. Yet, managing multiple payment method integrations, foreign exchange and compliance is too complex and time-consuming for merchants to scale quickly and profitably.

Instead, merchants need to leverage Fintech as a Service solutions that provide a single integration to the right payment methods across multiple markets and layer on benefits like fraud protection, efficient foreign exchange and single currency settlement.

Modern Fintech as a Service solutions offer many ways for merchants to integrate, from APIs to hosted checkout pages and pre-built plugins for popular ecommerce platforms like Magento, Shopify, Wix and WooCommerce. With so many ways to integrate local payment methods

at global scale, there's never been a better time for merchants to start growing their businesses cross-border.

Use the Checkout Checklist When Evaluating a Solution

When evaluating service providers merchants need to make sure they implement a solution that meets their needs and the needs of local consumers. Rapyd's checkout checklist was designed to make sure your checkout and payment experience will be optimized for cross-border success.

Checkout Checklist

Relevant to the Consumer

- Localized: Local payment methods displayed for each buyer
- Attuned: Up-to-date with new options
- Dynamic: Price displayed in local currency

Efficient for Your Business

- Optimized: Consistent branded experience
- Robust: Integration through APIs and SDKs
- Simple: One reconciliation file, one bank settlement

Forrester. "Forrester Analytics: Online Cross-Border Retail Forecast, 2018 To 2023 (Global)." Forrester, April 2019, <https://www.forrester.com/report/Forrester+Analytics+Online+CrossBorder+Retail+Forecast+2018+To+2023+Global/-/E-RES153276>.

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Paul Rodgers

Chairman

Vendorcom

(Moderator of:

- Day 2 Session 2
- Day 3 Breakout Room 1
- Day 4 Merchant Breakout Room 3)

Day 2 Session 2: Tackling SCA, fraud and building TRUST

SCA in ecommerce was, rightly, the top topic at MPE21-Virtual. As one of the strongest advocates of a market-led approach to tackle this potentially economy-threatening piece of legislation, I've supported the sharing of information and the active lobbying on regulators across Europe for almost five years. So, almost two months after the regulation was due to be enforced across the EEA and with most National Competent National Authorities sensibly providing a welcome period of grace to issuers, I was delighted to be chairing this session at MPE. It provided the ideal time to look at the reality of the situation and bring some practical insight to all involved as we approach the end of the tortuous SCA journey.

This session with Ekata, Payment Universe, Glovo and Barclaycard provided an interactive opportunity for the European merchant payments ecosystem to get insights drawn from the seven weeks since the beginning of the EEA enforcement period in keynote presentations from two leading companies, and to look at the practical steps that could be taken as the merchant community tries to apply real-world operational and consumer-centric approaches to making SCA work for their businesses.

One of the areas we explored was the dilemma for card issuers and merchants alike in what was described as the 'race to be last' or, as Spencer from Ekata more accurately represented it, 'the race to not be first'. This results from the conflicting priorities that particularly issuers have when thinking about ramping up their transaction challenges/declines. The citizen/consumer who is making the transaction is not only a merchant's customer whose experience has to be optimised, but is also a cardholder/customer of the bank who can much more easily take their banking business elsewhere than they can switch

their merchant allegiance! The ease with which the cardholder can switch their banking and payments business elsewhere, together with the need to create a frictionless experience for the cardholder, is mutually exclusive to the need to be ultra-cautious when authenticating transactions in order for banks to keep their reported fraud levels within the thresholds set for the Transaction Risk Analysis exemption. The race to not be first is an obvious outcome of the need to keep friction out of the process. The alternative is to deploy solutions from the many solutions that payments solutions providers are queuing up to offer to merchants in the coming months.

The conclusion was that the sky hadn't fallen in during the first seven weeks of the year, mainly due to the deferment of enforcement by National Competent Authorities and the hard work of a wide range of payment solutions providers. The real test will be when Europe's larger card markets start to enforce from mid-March.

Day 3 Breakout Room 1: 3DS/SCA/Delegated Authentication

In another SCA feature at MPE21-Virtual, the interactive opportunities for the wide-ranging audience reached new heights in a breakout session with Checkout.com, Nets and Ekata. This offered the opportunity for audience participation – not only to ask questions but to share their views and experiences live on camera. There were such a broad range of questions, with the number one issue being many merchants' inability to correctly process 'soft declines' and the need to shift the focus to reducing false positives at issuers. The over-riding conclusion was that as much data as possible should be shared with issuers and this in turn necessitated a more joined-up approach with better testing across the merchant-gateway-acquirer-issuer data flows.

Delegated Authentication hasn't been a major topic in many previous conferences and seminars but is starting to come to the fore as the realisation dawns that many merchants know much, much more about their consumer customers than banks know about their cardholders and can therefore provide much greater levels of assurance in authenticating transactions. This does however mean that merchants need to maintain their investment in fraud detection and KYC solutions and play their part in the overall maintenance of low levels of fraud.

This was a pragmatic breakout that looked at SCA from the perspective of everyone working together to overcome the inadequacies of the regulation when addressing real-world, business continuity issues as opposed to purely from a technical, regulatory compliance viewpoint. This gave delegates a clear set of next steps to go away with and apply in their businesses.

Day 4 Merchant Breakout 3: 3DS/SCA

This merchant-only breakour/workshop with Forter, FreedomPay and Mastercard saw the highest level of interaction of any session I chaired at MPE-Virtual. In a session which explored some of the statistics since the EBA's intended enforcement cliff edge at the beginning of 2021, the levels of increased basket abandonment, transaction

failures and overall lack of issuer readiness were revealed. The need for increased level of investment in fraud detection solutions at merchants – and across the merchant payments ecosystem in general – was emphasised. This will be particularly important if merchants are to make a positive contribution to fraud levels and the ability of acquirers and issuers to process transactions under the Transaction Risk Analysis exemption. The importance of working with payment gateways who are investing in SCA compliant solutions and moving rapidly from 3DSecurev1 to EMV3DSv2.1 and onwards to v2.2 as soon as possible was a strong message from this breakout.

One slightly left-field, but entirely valid, suggestion was that since there has been a higher than expected level of latency in processing 3DS transactions, merchants could leverage the 'outage exemptions' and seek authorisation of transactions without full SCA being performed. Hopefully by the time we're seeing most National Competent Authorities applying the full enforcement criteria, the technical challenges and less than robust, boot-strapped infrastructure will have improved. It was clear from this session that helping Europe's pandemic battle-scarred merchants to extend their ecommerce capabilities is the goal of the payment processors, gateways, fraud detection and identity solutions providers who are working so hard to support them on their SCA journey.

E-commerce payment strategies 2021



Volker Schloenvoigt
Principal
Edgar, Dunn & Company
(Day 3, Session 1, Chairman)

The session of 'E-commerce payment strategies 2021' covered a range of different aspects reflecting the different facets that any strategy development would need to consider. The two keynote presentations were very different in nature. Firstly, Rapyd addressed the challenges

that come with the growing volume in crossborder ecommerce activity which is seen by 87% of global ecommerce leaders as critical to their business. Recognising why consumers buy internationally and what the implications are for merchants (quick delivery, easy checkout, convenient/

local payment methods) were covered as well as the growing relevance of B2B in ecommerce. Understanding all those complexities and drawing the right strategic conclusions is key.

The second keynote presentation was from SWIFT, an established stakeholder in the payments industry that is arguably better known for providing infrastructure, standardised processes and message flows across the globe but less so for a prominent role in e-commerce payments. SWIFT very clearly laid out its path from a point-to-point messaging set-up to SWIFT gpi that enables faster payments with full tracking and transparency. The next stage of the strategic evolution is to move more into the low-value payment space which has its own challenges and end-user expectations.

During the subsequent roundtable discussion, the role of technology and innovation and the impact on payment strategies was explored. It was fully acknowledged that we are going through times of unprecedented change and technology is changing so rapidly that it provides great opportunities on the one hand but creates challenges on the other. Whether it is in-app payments, crypto or even just account-to-account transfers in realtime, the main conclusion from the session was that despite all those changes, the user or customer experience has to remain the focus of attention. Any payment strategy needs to consider how the user experience is being impacted and if this experience would not meet consumer's expectations, even the best technology will not succeed.

What's next for the MPE ecosystem in 2021



Ron van Wezel Senior analyst Aite Group

(Day 4, Session 2, Chairman)

Our panel members provided their view on the current trends in the payments space, as well as the impact of the pandemic. The panel was organized around four key questions, and a summary of the discussion can be found here below:

Question 1: The pandemic has accelerated the shift towards digital channels. What are the key challenges that merchants are facing as a result of this shift, and how do payment companies help to navigate these challenges?

- As Frederic Mazurier wittingly remarked, COVID19 has made the future happen much faster. Changes in behavior that could have taken decades hap-

pened within a couple of months. Trends that were already happening, such as the shift to digital commerce, and omnichannel delivery, became a necessity during the lockdowns in 2020. This change is now irreversible, even if things return to normal later in 2021.

- COVID19 has confirmed the resiliency of payments as a value generating activity. Software providers (ISVs) have helped retailers to manage the crisis and become more omnichannel.
- Lots of innovation has happened to enable small businesses to go online and become contact free e.g., by using QR codes. Its an opportunity for the payments providers to offer easy-to-implement, simple but secure solutions to SMBs.

Question 2: Payments are becoming increasingly digital and contact free. What are the key payment trends that you see emerge in the coming year?

- Innovation in payment methods including open payments (using PIS), BNPL, and QR code payments is offering more customer choice. The use of wallets such as ApplePay and GooglePay is accelerating.
- The enforcement of SCA from January 1, 2021 does not mean that the market is ready. The different country implementation plans and issues with merchant and issuer readiness will require a long transition period during 2021, as all the actors in the ecosystem need to work together seamlessly.
- The coming year will be critical for the development of the European Payments Initiative (EPI) to organize the proper governance and create the appropriate use cases for merchants.
- The challenge is still how to change customer behavior to adopt new payments methods. The user experience is essential, together with incentives such as loyalty to stimulate new payment method adoption.

Question 3: Thanks to COVID-19 and the shift towards digital channels, it has never been more important to choose your customers wisely and to understand the composition of your customer portfolio. How can payment companies use customer insights to better acquire, retain and develop customers?

- "Know your data": two-thirds of the buying journey now happens online. This provides an enormous footprint of customer data to analyze and derive value from. Merchants are looking to advanced analytics and segmentation techniques to deeply understand the customer base, develop value propositions based on how customers buy and use techniques like machine-learning to effectively cross-sell/up-sell and prevent churn.
- Merchants and their providers should provide customers with the ability to interact in the way they want e.g., through voice interaction.
- Providers should give customers what they need e.g. bundled pricing, value-added services, inside-sales, customer success managers.

Question 4: How will the competitive landscape develop in the near future?

- There is tremendous M&A activity that generates huge capital to drive innovation and consolidation. At the same time the valuations make it difficult to create value from M&A in the future.
- Global "category killers" such as Stripe, Adyen, PayPal, SumUp are fierce competitors and they will challenge incumbents that are more local and may not be able to manage the speed and complexity of payments transformation going forward.
- Those companies that can leverage technology to offer their customers a personalized and seamless digital experience will be winners in the increasingly competitive payments landscape.

Blog Posts & Perspectives by MPE media partners

La crise sanitaire liée à la Covid-19 a créé un « nouveau climat » dans le secteur des paiements, selon le salon MPE 2021

Article in French language

Le salon Merchant Payments Ecosystem (MPE) s'est déroulé du 22 au 25 février 2021, en format virtuel en raison de la crise sanitaire liée à la Covid-19. A cette

occasion, les professionnels européens des paiements ont débattu sur divers sujets, allant de l'impact de la pandémie sur le secteur des paiements aux enjeux de

L'omnicanal, en passant par les nouvelles initiatives de l'UE en matière de paiement.

« Le chaos de 2020, une opportunité pour 2021 ». Tel a été le thème de la session d'ouverture du salon Merchant Payments Ecosystem (MPE) 2021. Partant du constat que « 2021 a renforcé le degré d'incertitude dans le marché des paiements », comme dans d'autres secteurs d'activité, les professionnels convergent sur le fait que la période a également permis de « booster les usages digitaux », et notamment le sans contact et le paiement sur Internet. « La crise sanitaire liée à la Covid-19 a confirmé l'utilisation du smartphone comme support d'avenir », que ce soit sur les transactions à distance ou en proximité, attestent les professionnels. Situation qui se matérialise notamment au sein de certains Etats, comme le Royaume-Uni, où le smartphone est apparu comme principal point d'interaction entre le client et le retailer pendant la période. La pandémie a ainsi été un contexte propice à la « démocratisation de l'utilisation du smartphone comme support de paiement », au sein de certains Etats européens.

La crise sanitaire liée à la Covid-19 a confirmé l'utilisation du smartphone comme support d'avenir », que ce soit sur les transactions à distance ou en proximité, attestent les professionnels

Incertitude et digitalisation

Cette réalité a inévitablement impacté les stratégies des acteurs du retail en Europe. « Avec la pandémie, la demande des retailers européens a évolué. Les usages des consommateurs ont gagné en agilité et nous observons plus d'aspiration pour des solutions offrant du choix et basées sur un équilibre entre sécurité et ergonomie », indiquent les professionnels en guise de témoignage. « Cela nous conduira probablement à plus de personnalisation, une sophistication des offres et de la relation client, une accentuation de l'omnicanal et un renforcement du niveau de sécurité », ajoutent-ils. La période semble propice à l'installation de nouveaux usages comme la biométrie, par exemple, qui est située au carrefour entre sécurité, innovation technologique et ergonomie. D'autant plus que la DSP2 a créé un « nouveau climat », en dépit de certains défis qui subsistent et qui seront adressés au niveau national et européen. « Nous sommes au début de l'évolution. De nombreuses opportunités existent, notamment dans le domaine de l'open banking », affirment les acteurs du terrain, ajoutant que compte tenu de cette réalité, il est nécessaire d'adopter une approche pragmatique sur la réglementation, d'autant plus que la Covid-19 a introduit plus de complexité dans le secteur. Mais ce n'est pas tout. La pandémie a également confirmé la pertinence d'une infrastructure paneuropéenne en matière de paiement, ajoutent les professionnels.

La période semble propice à l'installation de nouveaux usages comme la biométrie, par exemple, qui est située au carrefour entre sécurité, innovation technologique et ergonomie.

Nouvelles initiatives européennes en matière de paiement

Invités à partager leurs points de vue sur les différentes initiatives européennes en matière de paiement, et plus spécifiquement sur le projet European Payments Initiative (EPI), lors d'une « breakout session », les professionnels de l'écosystème ont rappelé en préambule que « ce n'est pas la première fois que l'Europe travaille sur la création d'un schéma », en référence au projet Monnet mené il y a plusieurs années. « Aujourd'hui, il est nécessaire d'en faire un succès, compte tenu du renforcement de la concurrence à l'échelle globale », ajoutent-ils. Parmi les principales questions à adresser, du point de vue des retailers européens, la question du modèle économique se veut essentielle. « La taille n'est pas forcément synonyme de valeur: les schémas nationaux sont souvent moins onéreux pour les acteurs du retail », indiquent les professionnels. Autre élément essentiel : la prise en compte des spécificités locales, car, pour fonctionner, EPI doit reposer sur un équilibre entre régional et local. « Il est important d'assurer une certaine efficacité pour les consommateurs qui voyagent au sein de l'UE et au-delà », en sachant qu'il existe un réel besoin de « concurrencer les schémas internationaux », assurent les intéressés. Pour que EPI soit un succès, le projet doit également amener du nouveau business aux acteurs du retail et constituer un « enabler » dans le domaine de la transformation digitale et de l'évolution des usages en commerce et e-commerce.

« L'Euro numérique doit être développé en complément d'EPI. C'est un instrument qui pourrait, à terme, remplacer les espèces. Ce n'est pas un concurrent des moyens de paiement électroniques qui existent déjà », affirment les professionnels européens

Autre initiative européenne à avoir été évoquée par les professionnels, la Central Bank Digital Currency (CBDC), identifiée par les professionnels européens comme une évolution majeure. « L'Euro numérique doit être développé en complément d'EPI. C'est un instrument qui pourrait, à terme, remplacer les espèces. Ce n'est pas un concurrent des moyens de paiement électroniques qui existent déjà », affirment les professionnels européens. S'interrogeant sur une possible intégration de la CBDC à la future DSP3, les professionnels convergent sur le fait que des évolutions sont à attendre dans ce domaine dans les 24 prochains mois.

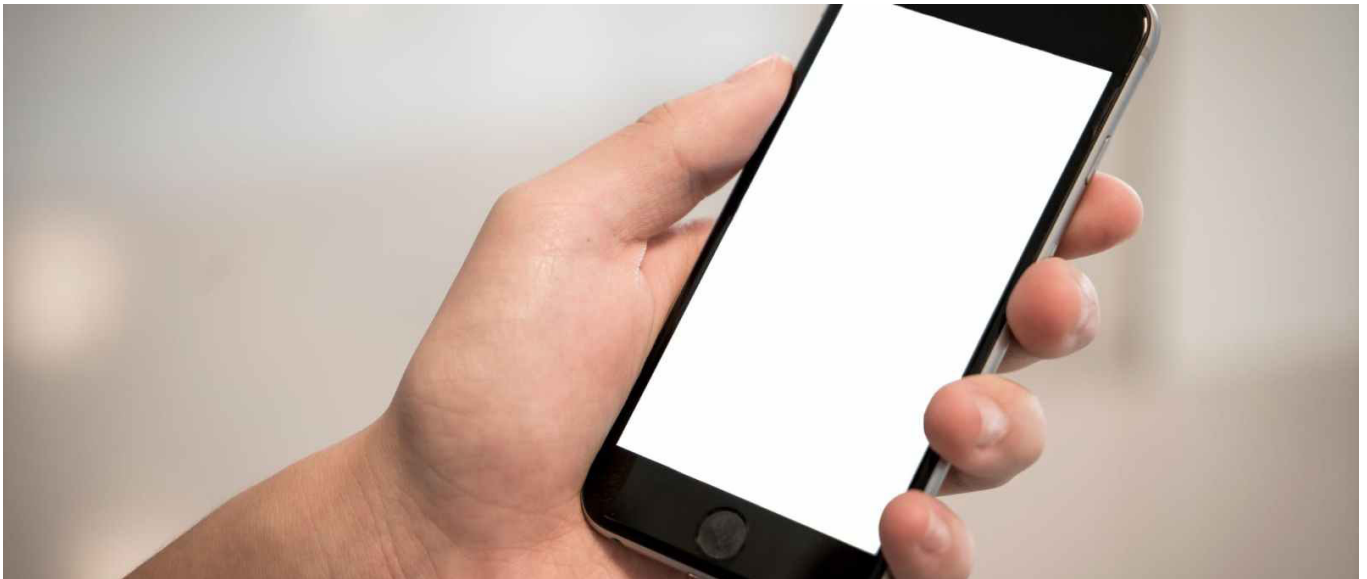
Quelles stratégies pour devenir un champion de l'omnicanal, selon le salon MPE 2021 ?

- Intégrer le paysage digital
- Anticiper le futur des paiements
- Appréhender la gestion des risques... et le facteur incertitude
- Investir dans le développement de solutions de risk management

- Renforcer son positionnement dans la data et les solutions customer centric
- Intégrer les verticales qui ne sont pas encore digitalisées (B2B...)

Author: Andréa Toucinho, Consultante, Conférencière, Journaliste, Auteur - Experte Banque, Paiement, Fintech, Europe des Paiements, Globalisation

Building SoftPOS – not as easy as you think



For the third year running, my colleague Gary Munro facilitated a thought-provoking debate around the use of mobile phones and tablets as contactless payment terminals during last week's virtual Merchant Payments Ecosystem (MPE) conference. For the last three years, Gary and his panellists have tracked the progress of the SoftPOS technology and standards. The three key messages that I took away from this year's conversation were that:

1. The Payment Schemes and vendors have taken a range of approaches to the deployment of their services. Payment kernels can be loaded into the phone or accessed in the cloud. The SoftPOS application can be delivered as an SDK to be integrated into the merchant's application or as a white label stand-alone service.
2. Each deployment option brings differing security

challenges that PCI and the Payment Schemes have to evaluate and regulate for in their standards. The range of technical solutions has caused delays in the publication of those standards and the refinement of the processes and tools for certifying the applications.

3. There is insufficient capacity within the global PCI and Payment Scheme certification laboratories to meet the demand for the ongoing certification, and re-certification, of SoftPOS solutions. PCI's ability to approve new labs, and increase capacity, has been impacted by global and local COVID travel regulations.

So, what does this mean if you are a vendor looking to launch a SoftPOS service or a merchant looking to integrate SoftPOS into their point of service?

As one of the panellists commented, 'there are all flavours of SDK' currently on the market. Each brings a different set of evaluation and certification requirements for both the vendor and merchant. While PCI requires an annual security evaluation of the SoftPOS application as standard, depending on how it shares the data with the merchant's application, those security evaluations could be extended to the merchant application. Thus, while a white label SoftPOS application may not deliver the merchant's optimum consumer experience, its speed to market and operating costs may be less.

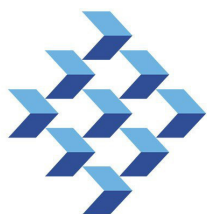
The shortage of capacity within the certification laboratories could significantly delay the launch of a new service should it not pass certification first time, as subsequent slots in those laboratories will be booked months in advance. Both the Payment Schemes and certification laboratory need to understand the security architecture associated with the SoftPOS service under evaluation when they start the evaluation. So, a certification can fail due to inconsistencies in the vendor or merchant's paperwork as well as the implementation of the security architecture in their service.

Gary and our colleagues at Consult Hyperion, have significant experience of helping vendors prepare their

processes and products for PCI and Payment Scheme certification. Our consultants regularly act as technical architects within our client's project teams tasked with procuring complex payment services. They have successfully authored and critiqued security architectures for POS and SoftPOS solutions validated the security of distributed payment services and, together with our in-house development and test teams, have assisted in the development, security and testing of Tap To Phone solutions. All have a deep understanding of the weaknesses in the design of a mobile phone, the countermeasures required to secure data stored in a mobile application and the techniques for writing secure iOS and Android code. We are excited by the opportunities presented by SoftPOS/Tap to Phone and the difficulties with getting these services to market, as discussed both at MPE and other venues. If you are a vendor having difficulty launching your SoftPOS service or a merchant looking to acquire such a service from a third party, please let me know. I will organise a call for you with our experts to review your plans and any concerns that you might have with its successful deployment.

Author: Nick Norman
Executive Vice President Sales Americas, Consult Hyperion
Source: [Consult Hyperion](#)

Take-Aways from MPE Conference 2021



**Edgar, Dunn
& Company**

Management Consultants

Last week saw the first virtual edition of the Merchant Payments Ecosystem conference, the annual flagship event in the merchant acquiring industry that has made many of us travel to Berlin for the last few years. Whilst a virtual event will probably struggle to ever fully replicate the networking opportunities a conference can offer, it was a great event with many interesting speakers sharing their thoughts. Edgar, Dunn & Company is pleased

to be continuously involved in the event and both Mark Beresford and myself were moderating sessions on omnichannel and e-commerce strategies on a virtual stage.

It is very difficult to summarise the key take-aways from such a big event that covers everything from technology to regulation to business strategies and local market developments, but there are a few themes that stood out nevertheless. This is our unbiased approach to summarise some of those:

- Right at the beginning of the event, Mastercard presented findings from its Future of Payment Acceptance survey. One of the biggest trends from the survey, and arguably driven by the pandemic, is the acceleration towards in-app payments. The implications of such trend, assuming the hypothesis is indeed correct, were discussed in numerous different ways including the future of POS but no-

where more so than in the context of which mobile app would be the winner in such scenario. Will it be a super-app (such as Singapore's Grab) that offers numerous different services with different embedded value propositions, or will consumers download a variety of relevant retailer apps and use those on a case-by-case basis? The analogy was made that having 15-20 plastic cards in a physical wallet might be a nuisance for many consumers, having 15-20 mobile apps downloaded onto your smartphone less so. Irrespective of that, there was a consensus that in-app payments will become much more relevant in a much quicker timeframe than was previously expected. PayPal, which is embarking on its own super-app strategy, announced during their recent Investor's Day that the Total Addressable Market for super-apps is a staggering \$110 trillion!

- COVID-19 has accelerated consumer behaviour. This does not come as a surprise and is probably reflected in each of our own purchase behaviours. Contactless is the obvious one and statistics from various European markets do back up that trend. In the UK, 46% of all credit and 64% of all debit card transactions are contactless, France has seen an increase of 128% in value and 63% in volume, and in Spain over 80% of all card transactions are contactless. But it goes wider than that. Paysafe ran a couple of surveys. The first was consumer-based and revealed that 56% of all consumers used a new, alternative payment method for the first time during the first month of lockdown. Six months later another survey, this time with merchants, revealed that 76% of merchants noticed the usage of new payment methods by its consumers since lockdown began. The choice of payment instruments available to consumers continues to expand.
- The development of e-commerce strategies, in particular, needs to be seen in the context of this wider consumer choice. There is so much talk about new technologies and how all these trends are impacting the strategic direction of payment providers on the one hand and merchants on the other. Especially smaller-sized merchants are clearly looking for guidance but the overarching theme is that the consumer/end-user experience is a highly critical component when considering payment strategies. Salesforce reported that 86% of shoppers are willing to try a new payment method if it offers a great user experience, and on the contrary, one in three customers abandon a sale after one bad user experience and 92% of consumers abandon a payment instrument forever after 2 or 3 bad user experiences. In other words, it is quite obvious that a merchant's decision about payment acceptance needs to be built with its own customer require-

ments in mind.

- Fourthly the topic of payment facilitation, aggregation, or payment orchestration. There was a lot of talk about this and we have clearly seen payment facilitation as a trend that has impacted the acquiring industry for some time now. It has particular relevance in the context of software vendors, ISVs, SaaS platforms and it has already become quite mature in the US whilst we are still in the early development stages in Europe and other regions. The ability to expand along the value chain and offer a wider, integrated proposition to merchants is the ultimate goal. Mature API technology makes the integration of payments and indeed other services with a single connection/single API integration attractive to merchants. Layering on top some smart routing capabilities that determine how to process transactions or route transactions to acquirers in an intelligent and cost-efficient way, and you have value propositions. There has to be an expectation that this will be a congested and hotly competed market space in the foreseeable future.
- Finally, and this is arguably a bit more forward-looking, was the future of cards, or plastic cards I should say. Certainly, during the final session of the event, a hypothesis was made that whilst there has been talking in the industry for a number of years now about the demise of plastic cards and the replacement for example through an account-to-account mechanism, recent developments around instant payments, Open Banking or indeed the EPI somehow suggest that the industry is getting closer to that point of replacement.

At the end of MPE 2020, 12 months ago, we also looked into the crystal ball of payments. At the time many probably did not recognise that the visit to Berlin was the last business trip for a long time for many of us. Undoubtedly, the last 12 months have changed not just individual lives but the payment industry as a whole. It is clear that some of the changes will become irreversible and we look forward to assessing trends and contributing to the debate, hopefully, face-to-face, at MPE 2022.

The content of this article does not reflect the official opinion of Edgar, Dunn & Company. The information and views expressed in this publication belong solely to the author(s).

Author: Volker Schloenvoigt, Principal, Edgar, Dunn & Company

Source: [Edgar, Dunn & Company](#)

Payments trends from the past with major impact in the future – notes from MPE Virtual 2021

THE | PAYPERS

- 36% of acquirers and 31% of merchants believe BNPL will become a standard checkout option;
- 75% of acquirers and 57% of merchants believe personalized and instant rewards will be offered at POS;

The **highlights of MPE Virtual 2021** compile the evolving trends in customer behaviour, contactless payments, and SCA's new rulebook for a frictionless experience

The MPE conference, which was hosted online this year, was a virtual place where speakers delineated a comprehensive picture of 2020, while also providing their insights into how industry players can prepare for what the future holds. Although it's difficult to make predictions in a very unpredictable environment, product innovation, customer behaviour, regulations and expansion strategies are ongoing topics to develop and watch for a better dynamic. Therefore, as a long-term media partner of MPE, we bring out to our readers the key takeaways that bring value to all the merchants, PSPs, issuers, acquirers and fintechs in the payments landscape.

Cashless and omnichannel: a retrospective of the future

We have come to understand (or admit) that all these trends around contactless and cashless payments and the surge in ecommerce shopping have been around for a while even before the pandemic. The COVID-19 just pushed these trends forward, therefore, most of the discussions revolved on what payment habits already underway will have a major impact in the years to come.

The first session kicked off with massive data from a Mastercard survey on the future of acceptance, that revealed technological developments on electronic payments. If we used to hear in the past the 'customer experience' as a keyword, this time the focus was rather on business experience and the way SME merchants managed to upgrade their business by accepting contactless cards and e-wallets. Several key stats on seamless integrations of value-added services with payment acceptance are:

- 100% of acquirers and 88% of merchants foresee paper receipts replaced by digital receipts.

Furthermore, three key trends extracted from Mastercard's presentation worth to be further explored:

- contactless has become the default payment method in Europe which has been made possible by the SMEs adoption;
- contactless payments are extending a bit further into a contact-free experience throughout the entire interaction that consumers have with the merchants;
- a smartphone is becoming the dominant point where a merchant interacts with a consumer and vice versa;
- unified commerce is becoming more important than ever to future-proof merchant services.

Consumer behaviour and businesses' priorities

The pandemic has influenced the emergence of a new type of customer behaviour, the one that made a quick transition from offline to online. Therefore, the pool of demanding consumers has been enlarged, and experience is now more than ever a competitive differentiator. A Trustly survey on 10,000 consumers and 1,000 merchants from Europe revealed three golden rules to consider this year and even beyond 2021.

Rule #1 Consumers want to be in control: 86% chase up refunds, 56% only spend what they have.

Rule #2 Consumers crave simplicity: 9 out of 10 consumers will abandon a purchase if faced with a complicated checkout procedure.

Rule #3 Trust builds loyalty and value: 38% of consum-

ers prefer banking of identifications apps that use biometrics to confirm payment.

Moreover, despite all these talks about BNPL being highly embraced by Gen Z and Millennials, according to Trustly's survey, both generations prefer debit to other payment methods, so they rather pay now, not later. Although most of the discussions regarding e-commerce and online payments, in-store shopping is here to stay. Brick-and-mortar establishments have a consistent target of consumers that, just like online shoppers, also look for convenience when it comes to paying. Lee Jones from Worldline suggests a strategy that involves a safe and convenient experience amid COVID-19, yet dynamic and engaging that involves:

- having goods brought to the most favourable and safest spot for the consumer;
- reducing queues by providing mobile and flexible checkout solutions;
- having knowledgeable store staff assisting sales.

One of the challenges that many organizations face is how to knit together the different sales channels – online, mobile, in-store. From a payment perspective, a holistic approach is recommended – many journeys will often start in one channel and finish in another, so sales channels need to complement each other, instead of competing with one another.

Latest updates on PSD2 and 3DS 2.0 implementation

Merchants, issuers and acquirers are going through a transition phase which has faced some issues with the implementation of 3D Secure 2.0, requiring smart approaches to mitigate the risk of cart abandonment. As per Marco Conte's insights, the UK, Ireland and Sweden are the best-performing markets, while Italy, Spain and Belgium are the worst-performing. This reality could be explained by the fact that the former countries are more experienced in online payments and technologies than the latter ones.

The last months have shown several 3DS 2.0 technical errors on authorization and authentication sides such as flagging transactions errors or misconfigured characters. Merchants have no control over the issuers' authentication method, so delegated authentication was brought into the discussion as a valuable SCA alternative for many merchants who want to have more control over their end-consumers' experience.

The PSD2 compliance and everything that comes with it have often been put into a context where challenges hold sway over opportunities. Spencer McLain of Ekata revealed his perspective on ways PSD2 should be per-

ceived as strategic for each party of the ecosystem. For issuers, it's about staying front of wallet and monitoring compliance risks, for merchants is about minimizing friction and maximizing conversion, while acquirers have a big role to play, as they are facilitating exemptions on behalf of the merchants, which means developing new capabilities and differentiating themselves from their competition in an increasingly commoditized space. And all these strategies are enabled with the use of rich data, and real-time fraud prevention.

The bottom line

Businesses of all sizes faced the music 'played' by COVID-19, and although the pandemic is not over, we can all agree that the emerging trends formed in the last 12 months are likely to stay relevant for a while. Inspired by the views of James Booth from PPRO, all payments players should consider the following aspects:

- a customer-centric model needs smart data and artificial intelligence in place;
- embedded payments are the future of a frictionless experience;
- real-time payments will be the norm;
- reduced costs and risks for merchants will further drive local payment methods adoption;
- ecommerce will continue to globalise.

On top of all, the enabler of any innovative plan lies in building and employing the right technology. For further disruption, biometrics, AI, and IoT should be further upgraded for increased security, operational efficiency, and improved customer experience.

Author: Anda Kania, Lead Editor for Payments and Commerce, The Paypers
Source: [The Paypers](#)

Changing the landscape of POS



F20



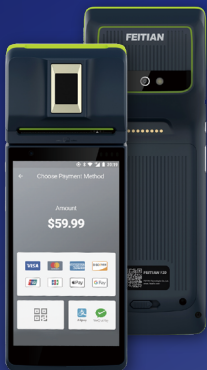
F300



F800



F100



F20 FP



ePayPOS600



T10



F100 FP

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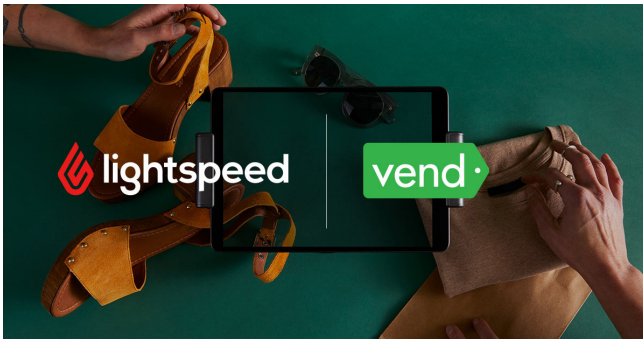
Contact: mahaveer@ftsafe.com, tianhua@ftsafe.com

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Lightspeed to acquire Vend to power global retail expansion



Lightspeed POS Inc. (NYSE: LSPD) (TSX: LSPD), a leading provider of cloud-based, omnichannel commerce platforms, today announced it has entered into a definitive agreement to acquire Vend Limited (Vend), a cloud-based retail management software company. The acquisition strengthens Lightspeed's global retail base

and reinforces the company as a premier omnichannel retail platform worldwide for high-performing small and medium-sized businesses.

The acquisition also builds on Lightspeed's foothold in Asia-Pacific, approximately doubling the company's customer base and expanding its retail footprint in that region. The combination of Lightspeed with the talent and technology of Vend, widely acknowledged as providing one of the foremost retail products on the market, will help to further growth by ultimately providing the Vend customer base access to the company's broader commerce solutions, such as Lightspeed Payments, Lightspeed eCommerce, Lightspeed Loyalty, as well as future access to the Lightspeed Supplier Network.

Source: [Lightspeed](#)

Germany's Giropay, paydirekt and Kwitt merge under Giropay brand



services for P2P payments.

The aim being "to merge the currently existing payment methods paydirekt, Giropay and Kwitt under one brand",

A little over a year ago, rumours started circulating in the press, in which people speculated about the merger of paydirekt and Giropay.

The Kwitt service, according to the rumours, was also to be merged with the other payment

wrote the "Handelsblatt" with reference to the German Banking Industry, the joint interest group of the German banking associations.

So today's news was not really surprising. Banks and savings banks will use the online payment methods paydirekt, Giropay and Kwitt under the Giropay brand.

The aim is to "harmonise and interlink" the payment processes for customers and retailers, the goal, a uniform payment brand.

"The common Giropay brand has the potential to set a new standard in the future and combine convenience, security and European data protection," explains Dr.

Joachim Schmalzl, executive board member of the German Savings Banks and Giro Association.

“Consumers will no longer have to ask themselves how they pay – they will receive a comprehensive range of products for all channels from their bank.”

The introduction of the combined brand will start in mid-May with the visual standardisation of paydirekt and Giropay. The aim of the multi-month transition

phase is to establish Giropay as the payment brand for customers and retailers.

Gradually, the “Giropay Money-Send” P2P function will be integrated on the basis of the existing Kwitt procedure. Banks and savings banks that are already offering their customers the Kwitt P2P process will switch to the “Giropay Geld-Senden” brand.

Source: [Payments, Cards & Mobile](#)

Merchant Payments Industry News

Stripe has raised a new round of funding to accelerate momentum in Europe and reinforce enterprise leadership

Stripe, which builds economic infrastructure for the internet, has raised a \$600 million (€500 million) funding round at a \$95B (€80B) valuation. Primary investors include Allianz X, Axa, Baillie Gifford, Fidelity Management & Research Company, Sequoia Capital, and Ireland’s Na-

tional Treasury Management Agency (NTMA). The company will use the capital to invest in its European operations, and its Dublin headquarters in particular, support surging demand from enterprise heavyweights across Europe, and expand its Global Payments and

The Stripe logo is displayed in a large, bold, dark blue font. The background features abstract geometric shapes in shades of blue and light blue, creating a modern and dynamic visual effect.

stripe

Treasury Network.

Investing in Europe

Of the 42 countries in which Stripe powers businesses today, 31 are in Europe. And many of the continent's largest and fastest growing companies are building on the platform.

Axel Springer, Jaguar Land Rover, Maersk, Metro, Mountain Warehouse and Waitrose have all recently turned to Stripe to grow and diversify their online revenue, or move faster on their transformation projects. Meanwhile, Europe's hypergrowth companies such as Deliveroo (UK), Doctolib (France), Glofox (Ireland), Klarna (Sweden), ManoMano (France), N26 (Germany), UiPath (Romania), and Vinted (Lithuania) all build on Stripe to compete on the global stage.

"We're investing a ton more in Europe this year, particularly in Ireland," said John Collison, President and co-founder of Stripe. "Whether in fintech, mobility, retail or SaaS, the growth opportunity for the European digital economy is immense."

"Stripe is an accelerator of global economic growth and a leader in sustainable finance. We are convinced that, despite making great progress over the last 10 years, most of Stripe's success is yet to come" said Conor O'Kelly, CEO of NTMA. "We're delighted to back Ireland's and Europe's most prominent success story, and, in doing so, to help millions of other ambitious companies become more competitive in the global economy."

Reinforcing enterprise leadership

Stripe now counts more than 50 category leaders—companies processing each more than \$1 billion annually—as customers. Enterprise revenue is now both Stripe's largest and its fastest growing segment, more than doubling year over year.

Recently, Stripe was also named a Leader in The Forrester Wave™: Merchant Payments Providers, Q3 2020, achieving the highest scores of any company ranked.

"Most people underappreciate Stripe's global scale and leading ability to serve the most complex enterprise customers," said Timothy Chiodo Head of Payments and Fintech Research at Crédit Suisse. "Stripe's global scale and market reach continues to expand and they are a now a leader (and gaining meaningful share) in the enterprise segment."

"In 2021, we will double down on our enterprise capabilities, particularly our customer success teams, to

help even more large businesses like Twilio or Zapier significantly increase their revenue," said Mike Clayville, Stripe's Chief Revenue Officer. "We will also invest in our global expansion to help companies such as Glofox or MATCHESFASHION increase their market opportunity. And through partnerships with enterprise solutions like Salesforce Commerce Cloud we will make it even easier for large multinationals around the world to switch to Stripe."

Expanding Stripe's Global Payments and Treasury Network

Stripe has built programmable infrastructure for global money movement, known as its Global Payments and Treasury Network, as well as a growing roster of products and services atop that foundation, including Billing, Capital, Connect, Issuing, Radar, Terminal and Treasury.

"We're investing in the infrastructure that will power internet commerce in 2030 and beyond," said Dhivya Suryadevara, Stripe's Chief Financial Officer. "The pandemic taught us many things about society, including how much can be achieved—and paid for—online, but the internet still isn't the engine for global economic progress that it could be. We're laser focused on helping ambitious businesses grow faster. While Stripe already processes hundreds of billions of dollars per year for millions of businesses worldwide, the opportunity ahead is much larger for Stripe than it was when the company was started 10 years ago."

In 2021, Stripe will continue to build its Global Payments and Treasury Network, further expanding its suite of software and services to help ambitious businesses drive more revenue. Stripe will also soon be available to millions more businesses in Brazil, India, Indonesia, Thailand and the UAE.

Only 14% of commerce takes place online today, despite the global economy accelerating its shift to online in 2020. Stripe's mission is to grow the GDP of the internet, making it easy for ambitious companies everywhere to grow their business.

Source: [Stripe](#)

European Central Bank demands veto for EU stablecoins

The European Central Bank (ECB) has said it wants to retain a veto over private stablecoins in the bloc, in a move that would hand powers from lawmakers to the central bank.

In a formal opinion submitted to the European Commission on digital currency regulation, the ECB said lawmakers should delegate powers over regulating private stablecoins like Diem within the trading zone, allowing the bank the final say on whether these currencies are allowed to operate.

According to the opinion document published by the bank, the ECB said matters concerning the regulation of private stablecoins should fall squarely within its exclusive competence.

“Where an asset-reference arrangement is tantamount to a payment system or scheme, the assessment of the potential threat to the conduct of monetary policy, and

to the smooth operation of payment systems, should fall within the exclusive competence of the ECB.”

The ECB has also requested its rulings on stablecoins be binding on national authorities, and that those issuing stablecoins should be subject to the same liquidity requirements as banks and other financial institutions.

According to the bank, the “rigorous liquidity requirements” would be required to protect redemption rights, and allow customers direct claims to reserve assets held by the stablecoin issuing entity.

The measures would help counteract the problem of stablecoin bank runs envisaged by the ECB back in September 2020, and would put the central bank in the driving seat for regulating the emerging private stablecoins sector in the EU.

Source: [ECB](#)

SumUp raises \$895M in debt to double down on its B2C payments business

SumUp, a London-based startup that helps businesses power revenues through card payments — by way of physical readers, online payments, invoices and other services — is itself powering up in a big way.

Today it announced financing totalling €750 million (around \$895 million at today's rates), money that it will be using to continue expanding its business — specifically, for acquisitions; to launch in new markets in Europe, Latin America and Asia; and to build out the suite of services that it provides to businesses. The company is already active in 33 countries (most recently Chile, Colombia and Romania) and has some 3 million businesses as customers.

The funding is coming from Goldman Sachs, Temasek, Bain Capital Credit, Crestline and funds managed by Oaktree Capital Management. SumUp confirmed that the financing is coming in the form of debt, not equity, so there is no formal valuation of the company to dis-

close. To date, it's one of the biggest financings, debt or otherwise, for any startup (that is, any privately-backed tech company) in the region.

Notably, Goldman Sachs and Bain Capital led a \$371 million round of debt for the company in 2019.

Marc-Alexander Christ, one of SumUp's co-founders (the company does not seem to use formal titles like “CEO”), said that the company opted for debt over equity because it could.

“We have very stable cash flow, which allows us to take on debt,” he said in an interview. Debt is often a route taken by bigger, scaled-up companies, especially those generating a lot of cash. No dilution also means the cost of capital is lower, too.

Source: [Tech Crunch](#)

Clearpay Brings Flexible Payments To Southern Europe



Afterpay (ASX:APT), the leader in "Buy Now, Pay Later" payments, today launched its European service, Clearpay, to merchants across Spain and France. Italian merchants will begin offering Clearpay later this month.

Clearpay enters Southern Europe with some of the best fashion, beauty and lifestyle brands and retailers in the market. Globally, more than 75,000 retailers offer Clearpay, or Afterpay as it is known outside of Europe, to its more than 13 million active customers across the world. In the first half of fiscal 2021, Afterpay delivered \$10.1 billion in global underlying sales on a constant currency basis.

Today, Southern Europe has an addressable ecommerce market which exceeds €150b1 across Spain, Italy and France. With large millennial populations, a strong fashion and beauty market, and significant consumer debit card usage, there is a strong opportunity to offer "Buy Now, Pay Later" (BNPL) services. By offering Clearpay in

Europe, the company is able to support existing global retail partners who would like to offer the service to their customers across Europe.

"In the last year, global ecommerce grew faster than it had in the last ten years," said Nick Molnar, Co-founder and Co-CEO of Clearpay. "By introducing Clearpay, we are giving Europeans a better way to access the things they want and need in their lives via a flexible payment service that allows shoppers to spend their own money and pay over time – instead of turning to expensive loans and credit cards which come with interest, fees and revolving debt."

With Clearpay, shoppers have the ability to receive products immediately and pay in four installments over a short period of time. The service is completely free for European customers2 – helping consumers spend money responsibly, without incurring interest or revolving and extended debt. More than 90 percent of Clearpay global purchases are made with debit cards.

Clearpay enters the Southern Europe market after its recent acquisition of Pagantis, a Spanish-based payment company. Clearpay received regulatory approval from the Bank of Spain to offer its products across Spain, France, Italy, Portugal and Germany.

Source: [PRNewsWire](#)

Crédit Agricole du Languedoc pilots de-jamobile's **SoftPOS** solution

Crédit Agricole du Languedoc is testing an innovative solution for contactless payments acceptance on merchants' smartphones, in collaboration with AVEM, Crédit Agricole Payment Services and de-jamobile.





Source: [Dejamobile](#)

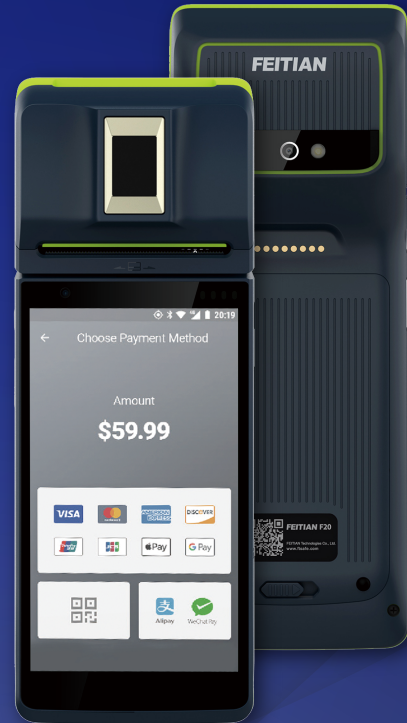
Smart Financial Terminal

Born to be different



F20

-  Android 10 OS
-  Quad-Core
-  Type-C
-  MSR + IC + NFC + QR



F20 FP

-  80mm/s
-  2+16G
-  KYC

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WE BUILD SECURITY

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

THE | PAYPERS

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.

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

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.

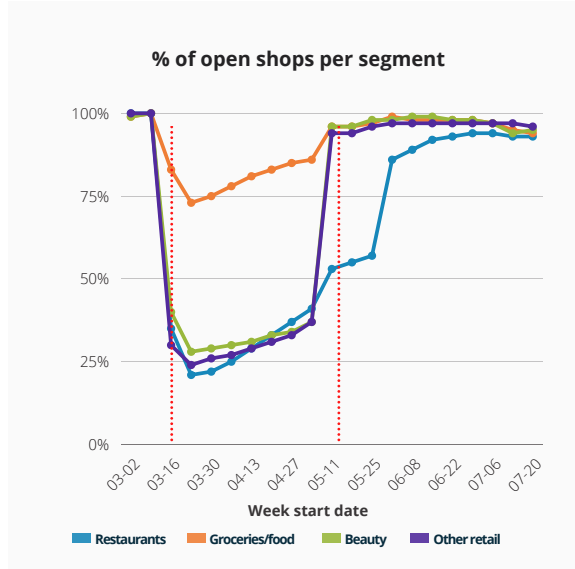


Figure 1 – % of shops open by week by segment.

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.

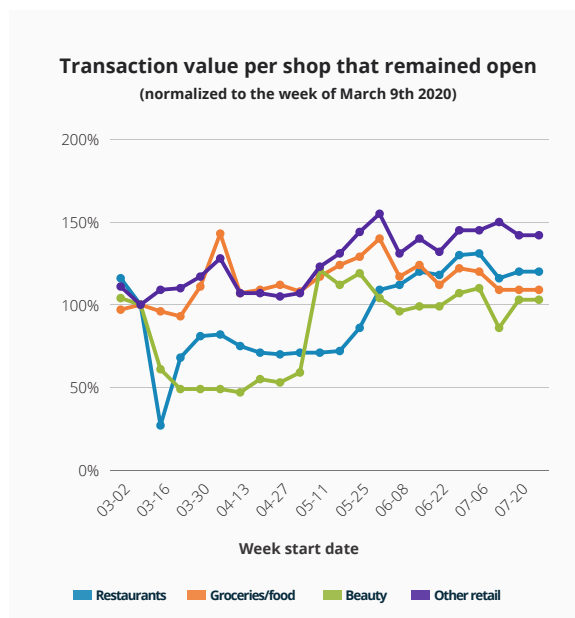


Figure 2 – Transaction volume for businesses that remained open, normalized to the week of March 9th 2020.

But we can clearly see some trends¹:

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

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 Solutions² 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.

¹ 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.

² 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 article³, 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 status⁴. 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.

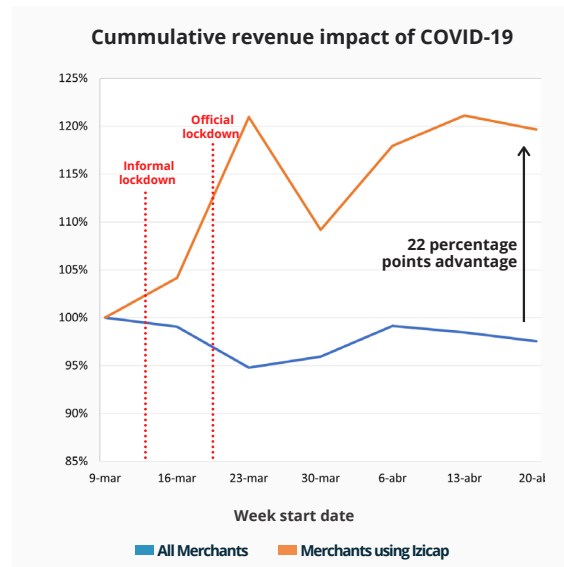


Figure 3 – Comparison of revenues evolution for the average open Merchant versus Merchants using the Izicap solution.

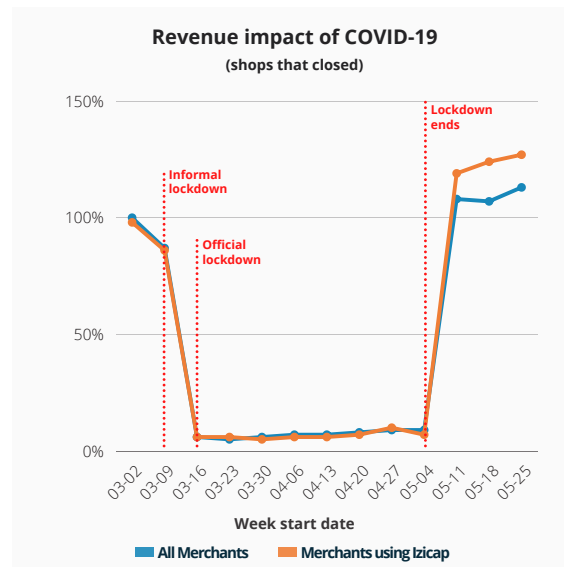


Figure 4 – Revenue impact of COVID-19 for shops that closed under the lockdown.



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

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

⁴ 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 do 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 ?
Build Customer Database	✓	✗	✗	✓	✗ ✓
Loyalty Program	✓	Delay voucher expiration date		✓	✓
Marketing Campaigns	✓	✓	✓	✓	✓
Messages	<ul style="list-style-type: none"> Merchant specific (sales, promotions, new product, etc.) 	<ul style="list-style-type: none"> Opening hours changes "Click & Collect" or delivery available 	<ul style="list-style-type: none"> Brand building messages "Click & Collect" menu Safety measures in place 	<ul style="list-style-type: none"> Re-open date Re-opening promotions Safety measures in place Specific product availability 	<ul style="list-style-type: none"> Opening hours changes "Click & Collect" or delivery available Safety measures in place
Results	<ul style="list-style-type: none"> Izicap was providing routinely 15% revenue increase to Merchants 	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> Revenue 22 percentage points above non Izicap Merchants that remained open 	<ul style="list-style-type: none"> Revenue 14 percentage points above non Izicap Merchants after they re-opened 	<ul style="list-style-type: none"> To be monitored - Izicap will continue to provide a business advantage through the Digital Marketing Solution

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.

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

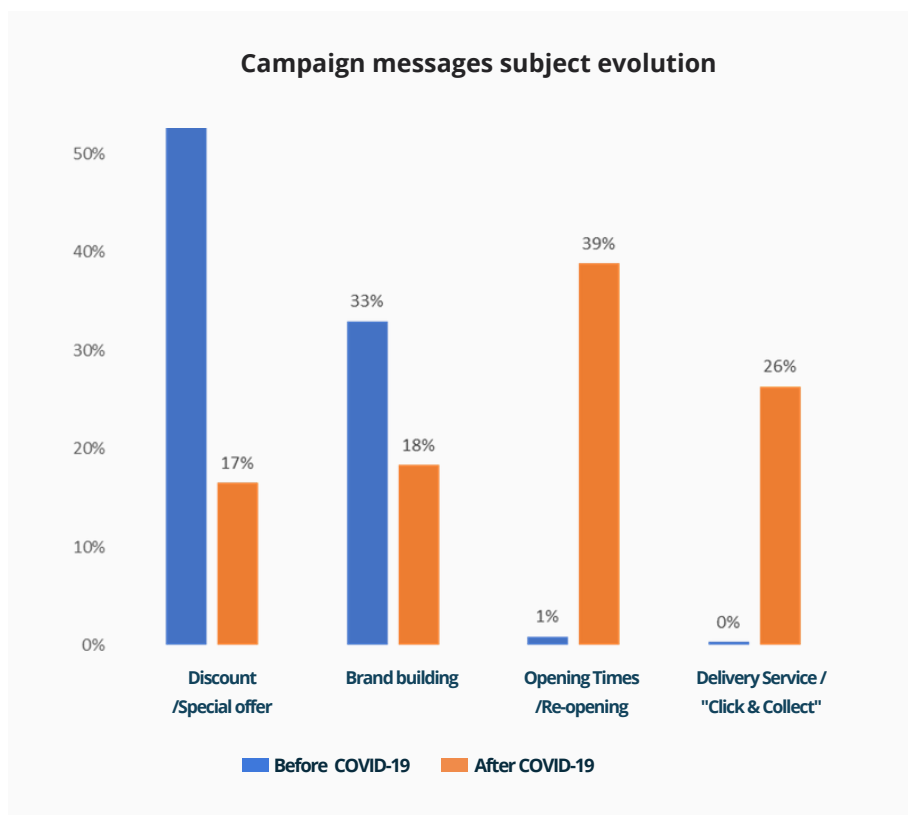


Figure 7 - Comparison of Campaign Messages subject before (up to March 15th 2020) and after the COVID (after March 15th 2020).

⁵ 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?⁵

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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⁵ 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

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

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

FREE WEBINAR

Build better checkout experiences with open banking

14 APRIL, 3PM GMT / 4PM CET

REGISTER NOW >

Hosted by:



MERCHANT
PAYMENTS
ECOSYSTEM

With adoption of bank to bank payments on the rise across Europe and Strong Customer Authentication threatening to be a conversion killer for cards, payments leaders are reassessing their strategy. Learn how open banking can help you transform checkout payment experiences, reduce fraud, increase conversion and achieve payment success rates higher than 95%.

SPEAKERS & PANELLISTS



ALAN MOSS (MODERATOR)

MD Europe for Western
Europe, Newland Payment
Technology



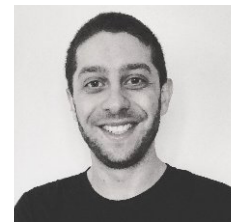
JIUN YI TAN

Ecommerce Lead
TrueLayer



WOL AKEC

Product Manager – Payments
TrueLayer



OLLIE MARSHALL

Managing Director
Maplin

APR 28th, 2 PM CET

Checkout and Conversion in emerging markets

Localizing user experience and payment methods



MERCHANT
PAYMENTS
ECOSYSTEM

d-local

Accepting cash and bank transfers can be mission critical in regions like APAC, EMEA and LATAM. So is the balance of user friction and payment approval rate.

For global companies, accepting multiple local payment methods is not just a matter of user preference. How do you ensure a checkout process that gives the user plenty of local payment methods to choose from without introducing needless friction and complexity? This webinar will provide insights into the importance of UX in effectively growing cross-border sales in 2021, share some 'best practice' examples, as well as outline recommendations on how to leverage user experience while increasing conversion rates.

MODERATOR



**Mr. Volker
Schloenvoigt**

Principal at Edgar,
Dunn&Company

SPEAKER



Federico Mazzoli

Lead Product Manager,
dLocal

SPEAKER



Meirav Adi

VP of Sales,
dLocal

[REGISTER HERE FOR THE WEBINAR](#)

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



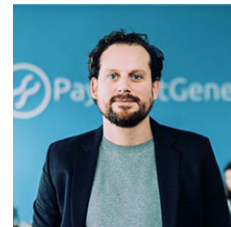
Alex Rolfe (Host)
Managing Director and
Editor in Chief at Pay-
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Mobile



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



Thijs Moser
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Camile Laupman
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