POSitivity magazine

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Merchant Payments industry Leaders' Forecasts for 2022

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EDITORIAL

Dear POSitivity readers!

The pandemic changed the world of Merchant Payments in 2020 & 2021 and created new opportunities and challenges for the Merchant Payments Ecosystem.

At the beginning of the 2022 MPE Team decided to postpone the annual MPE conference to July 5-7, 2022. The 15th edition of MPE was originally scheduled for February 22-24, 2022, the in-person event will still be organized at the InterContinental Hotel, Berlin, Germany.

“Our priority is to protect health & wellbeing of our delegates. The MPE conferences always aim to bring together the MPE community in a safe environment”, said Robert Varga, Co-CEO, Head of Operations & Strategic Partnerships at Empiria Group, the organizer of MPE conferences.
“We have been monitoring the COVID-19 pandemic for some time and have decided to move the in-person event to July 5-7, 2022. The decision to postpone the event was made after careful and thorough consideration of all aspects impacting the performance of MPE. With the Omicron variant spreading faster and expected to boom in Europe January/February 2022, we need to ensure that health and safety of all parties involved are protected."

The MPE conferences, the Biggest Merchant Payments event in Europe has always been a trustful barometer reflecting state of the Payments Industry.

The MPE team believes that bringing your first-hand information and fresh perspectives on major industry trends is very important for our community, even before meeting in person at the 15th MPE conference in Berlin on July 5-7, 2022.

To shed light on trends changing Merchant Payments Ecosystem 2022, The team behind the MPE 2022 conference interviewed the industry Leaders and Influencers what’s coming next in 2022.

Here’s a peek at the key trends that may steal the spotlight in the year ahead:

- Buy Now, Pay Later” in B2B e-commerce”
- Crypto currencies
- Europe of payments, with the finalization of PSD2 migration,
- Development of open banking & instant payments across Europe
- the European Payments Initiative (EPI) project
- SoftPOS

In this new Issue of POSitivity Magazine, we are bringing you unique perspectives from MPE 2022 Leaders and Influencers:

- MPE Forecasts for 2022, highlighting the most significant Trends Merchant Payments professionals should keep a close eye in the year 2022.
- Conversations with MPE 2022 Sponsors, introducing them in a series of interviews, providing further insights on topics close to their business before the MPE 2022 (Merchant Payments Ecosystem, Berlin, July 5-7 conference).

We are just five months before our annual MPE conference in Berlin, 2022, and we are very excited to share some conference news with you.

ALREADY 200 GLOBAL MERCHANTS CONFIRMED PARTICIPATION, brands like REWE, Shell, Daimler, Boozt, H&M, Sixt, Stokke, HalloFresh, S-Group, Fortuna, etc. are coming to Berlin.

We are very happy to welcome the new sponsors: Notolytix, CMSpi, myPOS, Mastercard, sideos, Switch, Bank of America, Tribe, Earthchain, Ravelin, Paybl, Computop, ACI Worldwide, Signifyd, WLPayments, PPRO, Sift, Accertify, HPE, Rapyd, Truelayer, Ravelin, Netcetera, HPS, Discover, Feitian, dejamobile, Nuapay, PayCore, Paynovate, Ratepay, Compass Plus, ACI, Thunes, Riskified, TietoEVRY, Vesta, NOTO, Billie, Webshield onboard!

Want to learn more and connect with over 1000 Senior Level payment professionals and 250 Global Merchants and Brands attending MPE 2022?

Please mark your calendars and save the dates!
We will be serving the best summer cocktails from classics to frozen drinks for merchant payment professionals at MPE 2022, in Intercontinental hotel in Berlin on July 5-7

REGISTER NOW with Early Bird Rates (10 % OFF)!

This Issue of MPE POSitivity magazine brings you fresh Industry news and trends, covering recent M&A activities, emerging BNPL opportunities, update on Cryptocurrency and payment acceptance, and selection of industry news announced during 3th & 4th Quarter of 2021.

Enjoy the reading

Your MPE team (the publisher of the POStivity magazine)

PS: If you would like to become an active contributor to POSitivity magazine let us know at mpe@merchantpaymentsecosystem.com

Merchant Payments industry Leaders'
FORECASTS for 2022

MPE team asked the Merchant Payments Ecosystem Industry Leaders and Influencers what's coming in 2022.

Explore their predictions for 2022 that highlight the most significant Trends Merchant Payments professionals should keep a close eye in the year 2022.

Dr. Matthias Knecht
Co-Founder and Managing Director
Billie

> ***'2022 will be the year of ... Buy Now, Pay Later" in B2B e-commerce".***

CHANGING COMMERCE, SHOPPING & PAYMENT TRENDS

The way people pay is changing rapidly, thanks to technological innovation and digitalization. How do you expect payments from merchants to evolve in 2022?

Leading B2C "Buy Now, Pay Later" (BNPL) players, like PayPal, Klarna, or Afterpay, have transformed e-commerce and payments into a frictionless and holistic buying experience during the last decade. The last time we have seen such revolutionary effects on buying behavior was when the credit card started to become an accepted payment method.

The companies enabling this radical change are amongst the most valuable companies in the world today. Now, the same is happening in B2B e-commerce. "Buy Now, Pay Later" offers the most popular payment methods in B2B, bringing huge uplifts in conversion rate, revenue growth and customer retention with minimal checkout abandonment. This simplification of payment — for both the merchants and the buyers — boosts the entire e-commerce sphere, as it enables businesses on both sides to pay and get paid when and how they want. Thus, BNPL will sustainably play a greater role for the future of B2B e-commerce.

TECHNOLOGIES & INNOVATION
What are the Biggest Merchant Payment Technology Trends? In 2022 everyone must get ready for now?

MK: The extent to what is already ubiquitous in the B2C space is sure to follow in B2B, but with a bit of delay. The trend in both domains is moving strongly in the direction of the one-stop-shop or super app. Retailers prefer a solution that makes several individual applications obsolete.

All while remaining seamless and secure in one product, these solutions at best combine automated and frictionless, "digital-first" processes with modern user interfaces. Let's also not forget the inclusion of access to higher limits for their purchasing needs and the availability of real-time credit approvals.

Measures that reduce operational effort and planning worries for retailers.

Maximilian Fuchs
Business Development Consultant DACH
CMSPI

“2022 will be the Year of … complexity and opportunity in payments”

CHANGING COMMERCE, SHOPPING & PAYMENT TRENDS
The way people pay is changing rapidly, thanks to technological innovation and digitalization. How do you expect merchant payments will evolve in 2022?

Changing consumer habits, merchant preferences for low-friction payments processing and upcoming innovation will change the way we pay indefinitely. Data and insight can help guide the right payments mix to transform payments from a cost to a value driver for merchants.

FRAUD & SECURITY:
Payment fraud is becoming more complex and expensive. How will fraud attacks evolve in 2022?
Could you outline key trends that will define security and authentication in 2022?

Transaction success will be key for merchants to drive conversion and profitability. Balancing fraud, conversion, and authorisation rates by using the right tools and strategies, at the optimal cost for every single transaction will be the focal point in an ecosystem of new suppliers, fraud types and consumer habits.

Diana Carrasco

Managing Director, Head of Merchant Services

Lloyds Banking Group

"2022 will be the year … when we will see what changes in shopping and habits triggered by COVID are here to stay – and what permanent changes does the payments industry have to make"

TECHNOLOGIES & INNOVATION

In 2022 we can expect the boom of the "modular gateway", allowing acquirers to offer each merchant the payments acceptance solution that they require.

From partnerships with relevant software providers that allow merchants to integrate their sales journey end to end - from managing their orders to processing deliveries -, to value added ancillary services such as sophisticated data analytics from a 360-degree angle (available from those acquirers that also have a strong card issuing arm), merchants are demanding that their payments acceptance providers become their business growth partners.

The days when the payments gateway was purely a transaction processing system are long gone. Whether traditional card payments, pay-from-bank or alternative payment methods, the gateway has earned it position as the technology that sits at the core of the relationship between merchants and their customers across all sales channels. And as any other critical piece of technology these days, it's ripe for innovation.

CRYPTOCURRENCIES & BLOCKCHAIN IN PAYMENTS

2022 will see the true democratisation of cryptocurrencies. The simplification of the ecosystem through easy to use apps has opened the doors to non-expert users to venture in the crypto universe.

On top of that, the raise of providers that are creating an FX proposition including both, fiat and crypto currencies supported by a payment card has opened a new avenue to consumers. On top of buying, saving and selling crypto, the payments card allows a revolutionary new use: mainstream spending.

Being able to use a MasterCard or Visa card to pay from, for example, an Ethereum account, with full transparency for the merchant that will charge, process and receive the payment in their domestic currency thanks to the background FX capability, unlocks the potential for everyday use, putting the accent on the 'currency' of 'cryptocurrency'.

Andréa Toucinho
Director of Studies, Prospective and Training
Partelya Consulting

"2022 will be the Year of . . . Europe of payments, with the finalization of PSD2 migration, the development of open banking and instant payments across Europe and the European Payments Initiative (EPI) project""

CHANGING COMMERCE, SHOPPING & PAYMENT TRENDS

The way people pay is changing rapidly, thanks to technological innovation and digitalization. How do you expect merchant payments will evolve in 2022?

Digital payments are not a recent process: it is first linked with payments cards. In addition to this technological evolution, there is a strong institutional ambition: European institutions aim at developing electronic payments for various reasons, and above all to address security concerns. The project to develop instant payment in Europe according to the European Retail Payments Strategy presented last year by European Commission testifies to this reality. Last but not least, the Covid crisis created a real new step in the field of payment trends: the success of contactless (with a new limit at 50 €) and mobile payment solution in certain European countries caused a real boom in digital uses.

Regulation, PSD 2 & SCA

Regulation: Is there a particular region or country on a global scale that poses more challenges in terms of payments and regulations in 2022?

Europe of payments is nowadays living a tremendous period in the field of regulation. In addition to PSD2 legislation, it is important to have in mind the impact of GDPR and AML evolutions in the payments market. Furthermore, European institutions are now working on future legislations with strong impact in payments ecosystem: cryptoassets (with MiCA text) and artificial intelligence.
Another strong pilar of EU regulation for the next years will be CBDC (Central Bank Digital Currencies) with digital euro works that are accelerating in Europe.

David Parker
CEO
Polymath Consulting

"2022 will be the Year of … PSD2 open banking payments and in the UK Variable Recurring Payments VRPs disrupt traditional card payments"

CHANGING COMMERCE, SHOPPING & PAYMENT TRENDS
The way people pay is changing rapidly, thanks to technological innovation and digitalization. How do you expect merchant payments will evolve in 2022?

Merchants have complained for ever about the cost of card transactions, but love the fact that they have driven up average basket size. Online merchants are now being offered a chance to reduce their costs by 90%+ by adopting Account to Account PISP payments. We are already seeing this from major retailers.

How long until they start complaining about increased bank fees, how long until we start getting headlines as consumers realize there is no protection from them like on cards with schemes. Once they have paid their funds are gone, no way back. 2021 will see A2A payments really starting to take off, the question is how long until regulators needs to jump in with further consumer protection.

The second big think is BNPL, which neatly in most markets circumvents credit regulations. However, all is it is ultimately is credit, a loan. So how long until regulators again step in and start protecting consumers, after all in most countries there is some form of affordability check on lending, why not on BNPL?

Janusz Diemko
CEO
Xelopay

"2022 will be the Year of . . .
the wider use and integration of open banking into the ecosystem into payments, KYC-ID as well the general use of data and account aggregation by banks, ISOs-PSPs and merchants".

NEXGEN POS trends: How do you see the shift to the mobile and integrated point of sale devices in Europe and beyond in 2022?

The trend to smart Android POS is visible across many markets in Europe. For payment providers these new terminals allow for more efficient management of the network, upload of upgrades or new applications, enabling app stores for the merchants for more than just payments. Merchants receive easier access to applications, potentially easier switch between providers if they own the device, less hardware on the counter as these devices can substitute ECR/EFT-POS systems in certain cases. As the hardware itself is not cheap it remains to be seen exactly what economic advantages the pricing model will provide.

As the proportion of payments made on mobile devices (whether bank owned mobile apps or google / apple pay via NFC or wallets on mobile phones and to a lesser extent other wearables mainly watches)) edge towards 50% in EMEA the next generation POS maybe NOPOS. Consumer devices will be integrated with retails EFT-POS / ECR systems and payments made direct to those systems, whether initiated by QR code, or thru integration via NFC / Bluetooth or wifi in the cloud, and effected thru mobile wallets as either ecommerce payment or PSD2 account to account as several companies are already trilling in the Uk and elsewhere.

The next years will be as interesting and fast changing as the previous if not more so. The technologies at the beginning of greater adoption including softpos, sw based fiscalisation, A2A, smart POS, mobile payment app mean that the retailers and consumers are sure to win with more functionality, features, improved UX and pricing; what is not so sure if which of the providers will come out better; acquirers, PSPS-ISOs Banks, or software providers.

ACQUIRING & ALTERNATIVE PAYMENTS
What's next for Card Acquiring and alternative payments acceptance in Europe in 2022? Do you expect traditional payment providers to modernize their organizations and infrastructure to support new service offerings?

Payment providers need to stay relevant to consumer needs and the competition – this Darwin quote is as relevant as ever for our industry "It is not the strongest of the species that survives, nor the most intelligent. It is the one most adaptable to change". Survival means adaptability and change which is still coming at us at ever increasing speeds.

One constant is that providers of software technology, products or functionalities need to focus on solving real problems, implementing solutions providing tangible benefits and improved customer experiences for consumers and merchants; without which it is exceedingly difficult to implement new solutions which actually penetrate the market and convert customers to them.

In ecommerce A2A payments has potential to win against current APM and other payment methods if in a given market the payment flow can be shown to be quicker and easier for customers, which depends a lot of local implementaiton of PISP APIs by the bankng sector, which should lead to increased conversion, decreased basket adandonment, whilst minimising fraud for issuers and lowering costs for merchants. In many markets against current expensive payment methods there is a high probabily of success. We should see more such implemenation over 2022.

At physical locations with the increase of payments from customers mobile devices PISP has some change of success, and can be cost effective against current payment methods. Also the European Payment initiative should we watched closely, as regards the framework and specifications they want to implement for card scheme based PISP payments in ecomm and physical locations.

Mark Gerban

Digital Strategy Lead: Mercedes-Benz Operating System (MBOS)

Mercedes-Benz AG

"2022 will be a year of … likely having a focus on contactless and digital payments within the tangible goods and POS sector. Due to the pandemic, health and hygiene has become a genuine issue, where an exceedingly patient NFC industry will finally have a chance to reap in the benefits of its investment. It is foreseen that other alternative payment and finance types could potentially piggy-back onto NFC infrastructure via tokenization and perhaps embedded banking services., and there will be further adaptive progression within the DLT/Blockchain space".

2021 will be remembered as the Year of contactless payment growth. Due to the pandemic, health and hygiene has become a genuine issue, where an exceedingly patient NFC industry has finally had a chance to reap in the benefits of its investment.

It is foreseen that other alternative payment and finance types will likely emerge and potentially piggy-back onto other types of infrastructure via digital channels, NFC, tokenization and embedded banking services.

CHANGING COMMERCE, SHOPPING & PAYMENT TRENDS

The way people pay is changing rapidly, thanks to technological innovation and digitalization. How do you expect merchant payments will evolve in 2022?

Payments are continuously evolving to provide more seamless experiences, and improved user security. It is expected that past 2022, this trend will continue, whereby financial and other payment instruments be embedded into legacy infrastructure, to provide a greater customer benefit.

For example, tokenization services and virtual cards are being used for facilitating BNPL schemes on traditional acquiring rails, which enhance businesses by offering alternative forms of credit. Online bank systems could also go in this direction, if merchants are willing to consider the additional complexities of non-card ecosystems.

I also expect blockchain and other DLT technology types to utilize similar card rails or banking ecosystems, and gain further mainstream interest. It is this current opportunity, that legacy platforms and entities need to embrace and forge a type of coexistence with these technologies, or there is a strong possibility they will be pushed out of existence in the long run.

CRYPTOCURRENCIES & BLOCKCHAIN IN PAYMENTS

Further innovations in distributed ledger technology (DLT) are starting to emerge, as credible business use-cases such as NFTs (non-fungible tokens) and Smart Contract technology have proven to be of significant value for the market.

Blockchain's role in payments has been present in the high-value transaction's realm for quite some time, and we will continue to see further growth in this sector, along with the automation of other financial services in the future.

Thomas Pernot
Payment and Fraud Manager
Square Enix

"2022 will be the Year of ... Crypto currencies!"

FRAUD & SECURITY:
Payment fraud is becoming more complex and expensive. How will fraud attacks evolve in 2022?
Could you outline key trends that will define security and authentication in 2022?

Fraudsters are using more advance methods to bypass rule based and ML technologies. With dark marketplaces such as "Genesis", fraudsters can now buy compromised accounts and emulate legitimate fingerprints via the use of bots and browser plugins.

It makes fraud mitigation via behaviours and fingerprint analyses more difficult for merchants and fraud solution vendors. Anomalies and fraudulent events are more difficult to detect, especially with news accounts.

The good news is that more and more merchants are now working together and sharing their data (via sophisticated and encrypted channels) in order to better counter fraudsters more advanced attack methods.

CRYPTOCURRENCIES & BLOCKCHAIN IN PAYMENTS

Crypto are booming! More and more card schemes, issuers, merchants, vendors, and consumers are jumping into the "crypto – wagon":

- It is now very easy to trade crypto without middleman or professional services.
- More merchants or vendors sell products or services and offer crypto as an incentive or reward.
- More and more card schemes and issuers are considering using crypto in a near future.

Is it safe? Not in my opinion due to the volatility of most crypto currencies, their potential complexity for newcomers and regulations restriction in some countries.

Is it worth it? Absolutely! it does have an extraordinary potential in term of benefits if you know what you are doing (trading crypto, marketing incentives, potentially cheaper to use as APM etc). On the long run, it will definitely transform the conventional payment ecosystem.

Mairtin O'Riada
Co-Founder and CIO
Ravelin

Payment fraud is becoming more complex and expensive. How will fraud attacks evolve in 2022?

"It's true that payment fraud is becoming more complex and expensive. For every $1 a merchant experiences in fraud loss, the true cost to that merchant is $3.13. And recent research from Ravelin found that the issue is getting worse — 39% of merchants experienced an increase in card-not-present fraud over the last year. As such, it's the number one fraud concern for merchants.

"In terms of how payment fraud will evolve in 2022, I would simply expect to see ecommerce continue to bear the brunt of most attacks. The pandemic created the right environment for fraud to flourish, and we're clearly not out of the woods yet with this disease. 2022 is likely to see a continued growth in ecommerce at the expense of physical shopping, and therefore will likely see even more online payment fraud."

Could you outline key trends that will define security and authentication in 2022?

"There are four key trends that will define security and authentication in 2022.

"The first is the rise of online payment fraud, as I've mentioned before.

The second is a rise in friendly fraud, where customers request a chargeback from their bank rather than going to the merchant for a refund. 41% of merchants experienced a rise in friendly fraud in the past 12 months, costing merchants a significant amount of money.

"Thirdly, we're likely to see a continued rise in account takeover — in which 48% of merchants experienced a rise — as the reliance on ecommerce grows.

And finally, a rise in promotion abuse is likely to continue into 2022, as consumers look to take advantage of money-off vouchers and schemes that were designed to attract new customers, rather than give countless discounts to existing customers.

"Together, these threats are placing more importance on fraud detection systems to detect and stop them as soon as they happen. Traditionally, fraud detections relied on a refined rules-based engine to catch most fraud instances. And while rules-based engines aren't obsolete, there's growing importance on the use of machine learning and link analysis so systems can adapt to evolving threats, noticing new patterns in criminal behaviour as they occur.

"One thing that won't change in 2022, though, is the importance of people when it comes to detecting fraud attacks. The most effective fraud detection ecosystems comprise a combination of data and human insight and oversight because technology is only as good as the instructions it is given."

John Lunn
Founder and CEO
Gr4vy's

"2022 will be the Year of ... Bank to Bank Payments, Wallets and other payment types rise to prominence. Credit card's share of checkout will continue to decline at an accelerating pace driven by increases in interchange rates, as well as consumer preference with millennial and GenZ consumers".

TECHNOLOGIES & INNOVATION
What is the Biggest Merchant Payment Technology Trends? In 2022 everyone must get ready for now?

Digitalization or moving to the Cloud has accelerated during COVID-19, driven not only by the huge growth in online shopping but also by the ability of in-house teams to run infrastructure when working from home. This shift toward cloud-hosted solutions and headless commerce will continue its momentum in 2022. When you couple this with the massive skill gap developing due to the lack of Cloud Engineers, you see the increasing need for no-code solutions that are cloud native. 2022 will be the year of headless commerce backed by no/low code backends that will allow today's retailers to scale and innovate at the speed they need to in order to remain competitive.

What's next for Card Acquiring and alternative payments acceptance in Europe in 2022? Do you expect traditional payment providers to modernize their organizations and infrastructure to support new service offerings?

There is certainly a need for it, and you are seeing card companies releasing new products to compete with the BnB companies. However, the acquirers are very large and complex, which means that it is hard for them to innovate quickly. Therefore, things could go one or both of two ways in 2022. The first is that acquirer's partner with fast-moving, innovative startups to help accelerate their ability to offer new offerings. Alternatively, merchants implement solutions like payment orchestration that allows them to use a variety of payment companies, essentially picking and mixing the best providers for their customers' needs. I think the latter will happen sooner than the former, but I do believe the acquirers will also partner with orchestration platforms to help them serve their customers better.

Dan Graf
Founder
Earthchain

"2022 will be the year of . . . Merchant Payments x Climate"

Changing Commerce, Shopping and Payment Trends & Technologies & Innovation

In 2021, the climate crisis was on everybody's mind. With catastrophic flooding events in Germany, raging wildfires in California and record temperatures in Siberia, we felt the effects of the crisis accelerating and encroaching closer into our daily lives. Two significant events hit the headlines. The first of these was the 6th IPCC Assessment Report, which proved that the crisis was caused by humanity and concluded that although things look dire, the worst outcomes could still be avoided by rapid behavioural change. Secondly, the COP26 conference in Glasgow saw politicians edging closer to a brave package of measures, but still failing to make the necessary commitments and end the use of coal altogether. It also saw a group of major UK supermarkets sign the Retailer's Commitment for Nature, pledging to make the weekly food shop greener.

What does this have to do with Merchant Payments? Well, quite a lot. During 2021, those with an ear to the ground in Fintech cannot have failed to notice the rise of banking apps, measuring the CO2 emissions of their user's payment transactions. Companies like Doconomy and CoGo raised multimillion dollar investment rounds to put climate intelligence into the banks and payment schemes.

This clearly indicates that banks recognise their customers desire to understand the impact of their spending and are investing to meet those needs through their payment systems. According to a Forbes report, 88% of consumers want retailers and brands to help them make a difference on climate and sustainability.

But the banks are the wrong place to estimate carbon emissions. The contents of the shopping basket are not visible to banks. They are estimating emissions using the merchant category code and amount spent, which – although better than nothing – is an incredibly blunt instrument which cannot differentiate between a basket of imported beef or a basket of locally grown carrots. We need to be looking at the basket contents to really drive behavioural change on climate. And this is where the retailers come in.

Merchants can use their point of sale and payment rails to provide climate awareness to their customers and do it far more usefully than the banks. The climate impact is about the goods bought, not the amount spent. The merchants who embrace this principle will meet the needs of those 88% of concerned consumers directly and bring those customers much closer.

Some voices are telling us to "buy less" – and that will affect the retail bottom line. Merchants who can adapt that message to "buy smarter" will gain the advantage. Because carbon emissions are often counter-intuitive, and it's too easy to make a choice which has an insignificant effect. Climate aware merchant apps, loyalty programmes and POS rails will provide far more intelligent climate action, as well as good quality carbon offsetting for the residual, unavoidable emissions, lowering the impact of retail at the place where it matters – the point of purchase.

Jeremy King

Regional Head for Europe

PCI SSC

2022 "could be" the Year of … changes and confusion – with so many options available for payment, merchants will face an increasing challenge in supporting all the choices their customers wish to use.

This is likely to provide opportunities for Fintech Companies, as well as Payment Service Providers and a challenge for Acquirers.

From a security standards perspective this will be difficult, knowing how to provide consistent support, guidance and requirements for all the options, actors and steps involved in the payment lifecycle.

FRAUD & SECURITY:
Payment fraud is becoming more complex and expensive. How will fraud attacks evolve in 2022?
Could you outline key trends that will define security and authentication in 2022?

Same old same old, criminals will not change how they attack until the attack methods they use stop working. Unfortunately, new technology keeps giving the criminals new opportunities to use old attack methods and they still work.

It is quite simple really attacks can be broken down into 3 key areas

- Malware insertion
- Man in the middle attack
- Skimming

What changes is how they carry out the attacks, and what information they are after. Criminals essentially want money to fund their lifestyles, the less work they have to do the better. Hence why attacks against Instant / Push payments are becoming and increasing problem. With these attacks the criminals are literally sent the money directly into their accounts. Ransomware works in exactly the same manner by shutting down the organization until the ransom money is sent to the criminal.

Never has it been more important to ensure the simple steps of data security are carried out

1. Patch and update software regularly
2. Use strong multi-factor authentication
3. Train your staff regularly on security best practises
4. Have a thorough and regular back-up process
5. Have an incident response plan, test it and update it regularly

And as PCI SSC has always said, if you don't need it don't store it

NEXGEN POS trends: How do you see the shift to the mobile and integrated point of sale devices in Europe and beyond in 2022?

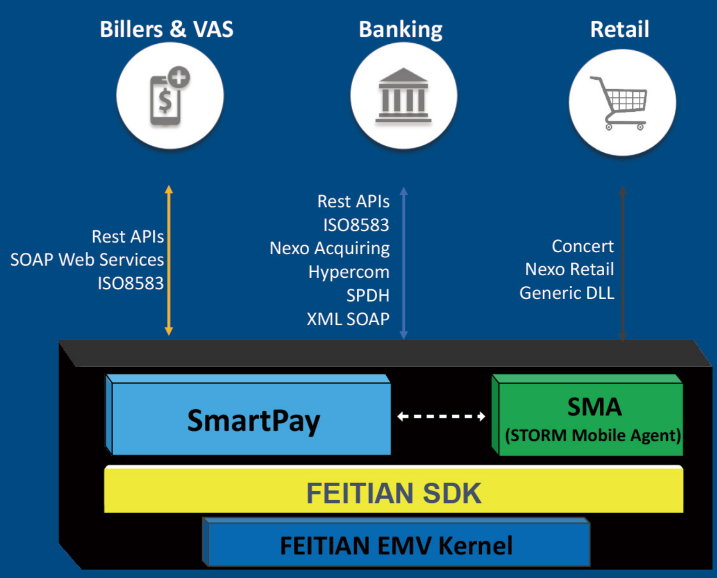
2022 will likely see the release of the PCI SSC MPoC Standard. This will enable payments using Commercial Off The Shelf devices (such as a mobile phone or tablet) that has the potential to be a game changer for merchants of all sizes and locations. Mobile Payments on COTS will be a modular, objective-based, security standard that will support various types of payment acceptance channels and consumer verification methods on COTS devices. The goal is to create a flexible mobile standard and program that supports a wide range of payment acceptance channels, different verification methods, and flexibility for payment solution development.

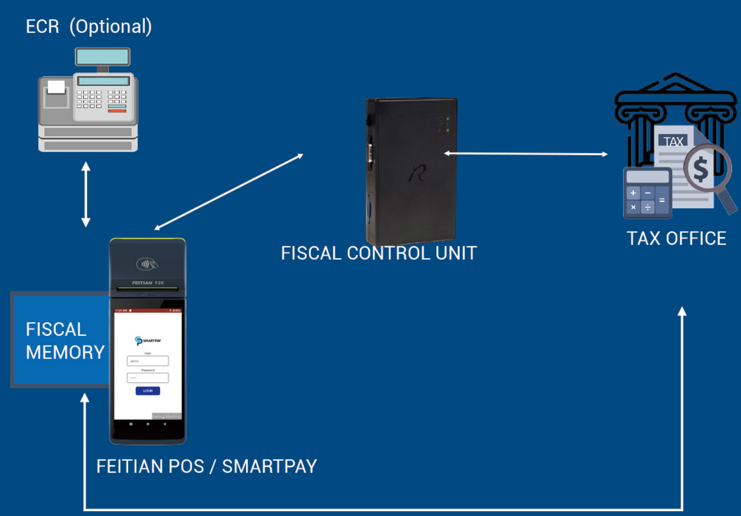
For smaller merchants especially those supporting events, markets or other outside activities it enables card-based payments to be accepted, an essential in this modern world where people are carrying less and less cash.

The PCI SSC standard and approval process provides a good level of security and confidence to all involved in the payment process.

FEITIAN Technologies Co., Ltd
https://www.ftsafe.com/payment

FEITIAN embraces and welcomes technology partners to build a more completed and diversified payment ecosystem for different industries.





Pavel Kaminsky,
Founder & CEO
7Security GmbH - the next-level PCI consultant

"2022 will be the Year of … SoftPOS"

2022 will be the Year of SoftPOS - The revolution in card-present transactions. SoftPOS has steadily been gaining popularity over the last few years, but I strongly believe merchants will truly embrace its potential in 2022.

In short, SoftPOS allows merchants to turn their smartphones into contactless POS terminals. By transforming NFC-enabled Android devices into mobile payment terminals, SoftPOS makes it much easier and faster for merchants to start accepting payments.

When it comes to traditional POS terminals, merchants must visit a bank, meet all the criteria and requirements of the financial institution, purchase the devices and support the hardware. With SoftPOS, they simply download an application from Google Pay and start accepting payments.

The advantages do not stop there – SoftPOS speeds up the checkout process, reduces the queues (which naturally increases customer satisfaction), optimizes costs, and allows for more mobility. Some companies that offer SoftPOS solutions also add extra benefits to their product, such as loyalty programs and options to accept multiple payment methods. This is what I call a game-changer.

In 2022, we are especially excited for the release of MPoC, a PCI security standard for SoftPOS solutions with PIN entry. Currently, some companies can't accept PIN on the same mobile device they use to accept payments, and some others do it with individual approvals by the card schemes. MPoC will change that, making SoftPOS an even safer and widely used option.

FRAUD & SECURITY:
Payment fraud is becoming more complex and expensive. How will fraud attacks evolve in 2022? Could you outline key trends that will define security and authentication in 2022?

Payment methods evolve constantly - unfortunately, so does payment fraud. According to VISA's Biannual Threats Report on Payment Fraud Disruption, card present fraud decreased in 2021.This is most likely due to the COVID restrictions that motivate more users to spend online. In turn, however, cybercriminals have turned their attention to the eCommerce space. As a result, most of the payment fraud in 2021 occurred in card-not-present transactions. I don't see this trend changing in 2022 as eCommerce transactions are increasing in number and the pandemic is still in place. When it comes to security, I am looking forward to the new version of PCI DSS - the global security standard that affects all organizations that process, store or transmit cardholder data. Version 4.0 is expected in early 2022, almost four years after the release of v. 3.2.1. Although no major changes are expected, I believe that the new standard will meet the changes that occurred in payment environments, and, respectively, in payment fraud, over the last few years, will introduce stricter security requirements, and at the same time will allow more flexibility in their implementation.

Anda Kania
Lead Editor
The Paypers

"2022 will be the Year of ... Instant payments"

CHANGING COMMERCE, SHOPPING & PAYMENT TRENDS

Certainly, there will be a continuous move towards digital payments channels, yet more than that, new use cases will emerge in terms of biometrics, IoT, and contextual commerce. Voice commerce, social commerce (including live streaming), AR, and IoT have been evolving for several years now, and most likely they will be integrated into the shopping experience in 2022 as well, but this time, more embraced by D2C brands looking for new opportunities to engage with their clients. And there is another cool trend coming in: NFTs. Maybe next year won't be the one when NFTs will reach their peak, but both consumers and ecommerce merchants (especially those involved in digital goods) will consider the potential of digital assets.

Embedded payments are expected to become mainstream with the market size being estimated to USD 7 trillion by 2030. In addition to saving time, embedded software payments enable merchants to provide a more seamless user experience, as customers are not required to go into another software program to make a payment. The most explored sectors will likely be those that provide convenience by their very nature, such as food delivery, ride-sharing, in-car payments (pay-at-pump and parking), but certainly, in retail, BNPL options will be further explored as well.

As regards the way people pay, debit and credit cards will remain the main payment instruments overall, but with more use via e-wallets and BNPL methods, rather than via physical contactless cards. At the same time, Open Banking payments or Account-to-Account (A2A) payments will grow in adoption and acceptance. Surely payment methods providers and banks that offer A2A payments will (or should) raise more awareness regarding the benefits of instant, real-time payments among consumers.

TECHNOLOGIES & INNOVATION

Looking at the current industry's needs, in 2022 everyone must get ready for: embedded payments integrations, hassle-free cross-border payments, and sustainable payments.

With embedded payments, merchants can process payments through their software rather than using a separate product. This type of integration has been lately explored in the context of social media. Considering the large number of users and the way ecommerce has moved towards this space for better reach and conversion, several payment providers, such as Stripe and PayPal, have integrated into social media and messaging platforms.

For cross-border payments, real-time API-based payments integrations will be a must for large volumes of transactions from one country to another. Essentially, APIs, cloud technology, blockchain, AI, and data analytics will enable businesses of all sizes to provide superior alternatives for existing payment offerings.
Climate change regards every aspect of this world, includ-

ing payments. Beyond modern consumerism, we need eco-friendly technologies. But their good use relies on a close connection with the end consumers, and AI could be the answer here. With data collection, businesses can build personalized ecommerce services and create loyalty programs to encourage them to be socially responsible.

Helen Owen
VP Marketing
Tribe

"2022 will be the Year of … Cryptocurrencies"

In 2021, the true value of crypto has begun to shine through. There are far more possibilities for crypto than just an investment option. We're heading towards a time where we won't rely on payments to access crypto, but instead rely on crypto to provide payments. This will be a world where consumers can spend and trade with a combination of digital assets, and do so anywhere in the world. We've seen a glimmer of these possibilities in 2021, and we predict that 2022 will be a pivotal year for the development of even more crypto use cases.

ACQUIRING & ALTERNATIVE PAYMENTS What's next for Card Acquiring and alternative payments acceptance in Europe in 2022? Do you expect traditional payment providers to modernize their organizations and infrastructure to support new service offerings?

HO: There's already a steady build-up of providers delivering account to account payments at a fraction of the cost of traditional card acquiring. There is definitely going to be economic incentive to consider non-card based settlement through 2022. More merchants are likely to see the advantages of Open Banking and alternative payments - and acquirers need to get ahead of the curve if they haven't already done so.

Everyone expects a frictionless payments experience whether they are in an off or online environment. This means one click checkout becomes an ever increasing commodity in the digital experience with subscription payments, wallets and other alternative payment methods becoming more relevant in local markets. We are likely to see a seismic change in this during 2022 with the continuing wave of digital adoption among consumers.

2022 will be the year that real-time payments go global. Cross-border payments have historically been slow, through CBDCs and initiatives such as the European Payments Initiative, there will be a continued growth in real-time payments as those same merchants that deliver frictionless payment experiences expect frictionless settlement.

NEXGEN POS trends: How do you see the shift to the mobile and integrated point of sale devices in Europe and beyond in 2022?

HO: The Soft POS will finally start to take some early market share with the physical device starting to retrench into the application itself. As mobile payments finally outstrip card payments the need for a chip and pin machine is finally dying.

What will be interesting is to see how this translates into the retail environment. We're likely to see more digital interactions in-store, including unmanned kiosks and pay-in-aisle capabilities. The traditional checkout (and the queues that go with it) are likely to start diminishing, along with the traditional cash and card payment methods.

Merchants and the acquirers who support them will need to be prepared to switch up their thinking and their payments capabilities to support those new customer expectations.

Anirudh Narla
Product Director, Head of Payments
Hopper

"2022 will be the Year of … emerging payment technology"

ACQUIRING & ALTERNATIVE PAYMENTS

A2A will make some inroads by providing cheaper and safer payments, however A2A payment method will need some value-add on top of their current stack (Installments, merchant tooling) to compete with existing APMs

CRYPTOCURRENCIES & BLOCKCHAIN IN PAYMENTS

Blockchain and decentralization is upon us and going mainstream. There has been a rush of platform startups which will bring Crypto mainstream as BaaS main embedded finance mainstream.

Makedonka Stamatova
Senior Product Manager
Secure Digital Payment
Netcetera

Michael Schoch
Senior Product Manager
Secure Digital Payment
Netcetera

Tanja Steinhoff
Senior Product Manager
Secure Digital Payment
Netcetera

"2021 will be the Year of … new initiatives to increase conversion and improve the user experience for e-commerce checkouts, like Click-To-Pay, Tokenization and Secure Payment Confirmation."

CHANGING COMMERCE, SHOPPING & PAYMENT TRENDS

The way people pay is changing rapidly, thanks to technological innovation and digitalization. How do you expect merchant payments will evolve in 2022?

With the pandemic continuing, it seems to be a safe bet that cashless and contactless payments further consolidate and become a habit for consumers. This will not just be a temporary effect, but is here to stay.

Trends that are talked about the most, often don't make it to a wider audience. With everything going on in the world we expect the trends of the past years to reach a significant share of market participants. This will bring topics like Buy Now, Pay Later (BNPL) and other convenience features for consumers to a lot more merchants' shops in the ecosystem, providing a convenient shopping experience even when not shopping at the biggest players.

Additionally, the "cryptification" of the financial industry will likely move forward. In this next phase, we expect the banking industry in particular to pick up the topic and offer solutions for their customers. This will further normalize dealing with crypto currencies. Most merchants and other players in the payment industry might still be timid due to the existing fluctuations, but step by step, cryptos seem to find a way into the mainstream.

We will also keep an eye on Request to Pay which could quickly become an enticing solution in combination with 3rd party pay for the user's desired items. Especially if applied to settings like in-game micro-transactions. There is still some distance to go, but there is a huge market not yet being covered.

Regulation, PSD 2 &SCA:

Regulation: Is there a particular region or country on a global scale that poses more challenges in terms of payments and regulations in 2022?

You don't have to look far for an interesting and challenging year 2022 in terms of regulation and SCA. Let us look at the European Union.

After delaying the enforcement of Strong Customer Authentication required by PSD2 and the sigh of relief going along with it in the end of 2019, a lot of market participants spent last year trying to adapt to the this regulation. The necessary requirements seem mostly fulfilled, but a lot of actors feel that there is some work to be done to reach acceptable usability and conversion territories.

Because of this, 2022 will likely be shaped by optimizing the existing systems. Solutions like Delegated Authentication, Risk Based Authentication, Secure Payment Confirmation, and others will play a significant role in the attempts to reach pre-PSD2 levels regarding many key conversion indicators.

Furthermore, customers will be exposed to a broader range of products based on the opportunities from the Open Banking regulation. In combination with the current interest rate level this might lead some consumers realizing that banking is important, but not necessarily a specific bank.

And if there will not be further postponements, we might see the end of an era with the discontinuation of 3DS1.

Ruca Sousa Marques
CEO
Switch

"2022 will be the Year of … SoftPOS"

Card-Present (CP) transactions are finally moving onto a new OS standard: Android. This means not only new hardware capabilities and platform model use cases, but also the transition to a reality where a complete bypass on hardware occurs, and any merchant will be able to accept card payments in their smartphones, using their NFC capabilities and secure protocols for PIN on Glass. The push from card schemes, along with Apple's acquisition of Mobeewave, are strong signs that a new distribution model for CP transactions will take place, reducing the adoption friction and consequently accelerating the trend towards a cashless society.

CHANGING COMMERCE, SHOPPING & PAYMENT TRENDS

The way people pay is changing rapidly, thanks to technological innovation and digitalization. How do you expect merchant payments will evolve in 2022?

The ongoing competition within the C2B payments space is fierce and card acquiring has become increasingly commoditized—a race to the bottom that will ultimately reduce the Merchant Service Charge to little more than the sum of Intercharge and Card Scheme Fees.

This competitive landscape and pressure over margins demand more differentiation and incremental footprint in the value chain. We can expect to see more acquirers executing on a key trend in the industry: integration. This means capitalizing on merchant data to efficiently unlock additional value around the entire commerce experience, especially helping SMBs to run their day-to-day operations through an integrated digital offer e.g. Inventory; Loyalty; Issuing; Booking; CMS; etc.

ACQUIRING & ALTERNATIVE PAYMENTS

What's next for Card Acquiring and alternative payments acceptance in Europe in 2022? Do you expect traditional payment providers to modernize their organizations and infrastructure to support new service offerings?

One of the advantages of the emergence of Android as the next OS standard for Card-Present transactions is that it allows for new checkout flows to emerge at a much lower cost. A significantly higher terminal real estate and pixel density, along with the ubiquitous connection to the internet, enable new Alternative Payment Methods to migrate into physical environments, which ultimately will challenge card dominance in this space.

The internet connection along with smartphone penetration will promote a hybrid hardware approach, where transaction flows will take place both on the terminal and the consumers' devices. This trend will be accelerated not only by current concerns around public health and the the need to limit the spread of diseases, but also because smartphones provide an easier authentication interface e.g. biometrics, which ultimately reduces checkout times.

Todd Clyde
CEO
Token

"In year 2022 … we will continue to see, across both the UK and Europe, open banking payments progress from an alternative to a mainstream payment method"

Open banking payments will become a crucial part of merchants' omnichannel payments strategy, which offers customers exactly what they need, the moment they need it, anywhere they are and on any device.

Through their PSP, many merchants can now accept lower cost, faster account-to-account (A2A) payments straight from their apps and websites. In addition, looking ahead to 2022, open banking infrastructure will mature to a point where merchants can bring offline payments online, which means consumers should expect to tap a QR code and authenticate an A2A payment on their mobile phones in stores. As a result, merchants will be able to realise the benefits of open banking payments (significantly lower costs, instant settlement, no chargeback headaches) across channels in 2022 and beyond.

`What is the Biggest Merchant Payment Technology Trends? In 2022 everyone must get ready for now?

As merchants continue to raise the alarm on rising payment costs (with some even providing financial incentives for consumers to switch to lower-cost alternatives), in 2022 most merchants' payments strategies will include account-to-account payments. Many will also look to become early adopters of Variable Recurring Payments (VRPs).

We predict new VRP capabilities will unlock additional open banking payment use cases for merchants and direct billers through the latter half of 2022. Just as consumers programme rules for their smart homes and devices, we can think of Variable Recurring Payments as giving consumers the ability to programme rules for their payments. VRPs will offer consumers a more secure, fast and cost-effective alternative to direct debit and card-on-file payments while opening up new forms of financial automation for merchants and direct billers.

VRPs will capture a share of subscription payments, for example, streaming services and memberships. Perhaps less obvious is their potential to enable consumers to replace their card on file with an "account on file," putting account-to-account payments behind "Buy Now" buttons.

Acquiring and alternative payments:

By the end of 2022, most traditional payment providers (including some of the world's largest acquirers) will support open banking payments. In addition to helping acquirers avoid disintermediation, open banking payments also generate more margin and deliver value add while offering lower costs and enabling acquirers to avoid being squeezed between merchants and schemes.

Chinmay Jain
CTO
WLPayments

"2022 will be the Year of ... Open Banking"

Open Banking is definitely the most disruptive trend in the payment ecosystem going into 2022. It has shown its potential in 2021 – accelerated fintech growth and streamlined the integration of bank accounts with authorized third parties for both the consumers and businesses, in a way that was unimaginable before. Forbes has in fact ranked it among the top 5 trends in the fintech and banking sector for the next year. In terms of the European market, UK is an undisputed leader here and is going from strength to strength, while Germany and France are also catching up. The reason why open banking is gaining such prominence is that it is very competitive to major lucrative card schemes. The transaction charges are lower and there are practically no physical tools involved here. This reduces the overall cost of implementing open banking for merchants; thereby reducing the financial burden on all the involved parties. The banks also have better control from a regulatory standpoint.

Open Banking also creates the possibility of overhauling the finance sector as it increases competitiveness, makes way for newer products and customers along with creating paths to previously unapproachable markets. As account-to-account payments are increasing, it is highly predictable that it is only for so long that the customers become well-acquainted with the new technology. Even various jurisdictions are aiding the growth of open banking; an example is an executive order in the US to prioritize Dodd-Frank regulations that would simplify the process of accessing account data for consumers and transferring it to other banks or fintech companies. There is also an increased focus of banks and financial institutions on developing APIs and increasing their investment in deploying them. This process is particularly important for increasing the user base of open banking.

Therefore, the most disruptive payment technology to watch out for in 2022 shall be open banking. It will be interesting to see how its growth curve shapes up in the coming months.

CHANGING COMMERCE, SHOPPING & PAYMENT TRENDS

The way people pay is changing rapidly, thanks to technological innovation and digitalization. How do you expect merchant payments will evolve in 2022?

Post the Covid-19 pandemic, there has been a considerable upsurge in e-commerce transactions. There has been a shift of the payments' ecosystem towards the CNP form of payments, given its ease and the development of the requisite technology. Where the focus previously was on POS transactions, there is understandably a growing demand for contactless payments which have gained further prominence due to the pandemic. Merchants overseeing payment trends must, therefore, focus on technologies that aid in the complete digitalization of the transactions excluding the physical instruments.

Another important sector that has shown unprecedented growth and is expected to continue on the same path in 2022 is that of e-gaming. With the advent of lockdowns worldwide, there has been greater acceptance of online gaming, especially among working individuals. This means that the industry is going to witness greater involvement of financial capital. Not only does it have to manage the upsurge, but it allows for service providers to focus on E-gaming industry-specific laws, regulations, and solutions. It is essential to improve upon the dashboard experience for the end-user along with ensuring a high standard of security in payments. E-gaming shall definitely be attracting a tailor-made merchant approach towards itself in the coming year.

FRAUD & SECURITY:

Payment fraud is becoming more complex and expensive. How will fraud attacks evolve in 2022?
Could you outline key trends that will define security and authentication in 2022?

Fraud protection has undoubtedly become an important sector in the payments and finance industry. Given the fact that we are rapidly progressing towards an abundance of CNP transactions, there is an increase in the number of frauds as well. However, regulators have provided incentives to merchants and acquirers to make their payments more secure on a regular basis. An example is the TRA exemption under 3DS2 which allows merchants who have low-risk transactions the ability to process the said transactions without additional verification methods.

This has created a viable market space for Fraud Service Providers, since there is a clear incentive for merchants and acquirers to improve their risk-rating. Lower risk ratings will help them to reduce the time or the number of authentication checks that are to be catered to from the consumer's side, thereby attracting the consumers towards a more hassle-free platform. Furthermore, there is also a rising demand for multi-cloud architectures to reduce the out-time of any particular platform. A multi-cloud architecture keeps the system up and running in case any one cloud-service provider faces any issues. This creates better opportunities for cloud-solution providers as well and we could see a rise in their number in the coming year.

Conversations with MPE 2022 Leaders & Sponsors

Explore Merchant **Payments Ecosystem Leaders' Priorities**, Challenges, and Opportunities in 2021/2022

tribe

BANK OF AMERICA

myPOS

NOTO
YOUR DATA. YOUR WAY. NO LIMITS.

DISCOVER
Global Network

MERCHANT
PAYMENTS
ECOSYSTEM

Conversations with MPE2022 Leaders & Sponsors

December 2021

Conversations with MPE 22' Sponsors & Leaders

Merchant Payment Industry experienced fast growth during the past two years.

The MPE conferences (Merchant Payment Ecosystem) has always been a trustful barometer reflecting state of the Merchant Payments Industry.

MPE 2022 will be introducing New Sponsors in a series of interviews, to provide further insights before the MPE 2022 (Merchant Payments Ecosystem, Berlin, Feb 22-24 conference).

MERCHANT
PAYMENTS
ECOSYSTEM

Conversations with MPE 22' Sponsors & Leaders

This material provides a snapshot of how senior leaders of companies sponsoring MPE 2022 feel about their priorities, challenges and the issues affecting their business.

- **Learn from their mistakes**
- **Understand their X-Factor to SUCCESS**
- **How do they use Payments Data effectively?**
- **Their priorities and opportunities in 2022**

Look behind the curtain of Payment Companies sponsoring MPE2022

Who are the Senior Leaders who shared their perspectives on priorities, challenges and the issues affecting their business in 2021/2022?

- Svetlin Dobrev, Co-Founder, Product Development, Notolytix
- Natalie Willems-Rosman, MD, Merchant Specialist Executive, Bank of America
- Dan Graaf, Founder, Earthchain
- Irfan Rasmally, Chief Operations Officer, myPOS Group
- Chris Winter, VP EMEA, Discover Global Network
- Helen Owen, VP Marketing, Tribe

Define Your X-FACTOR TO SUCCESS in Merchant Payments

myPOS: Helping businesses grow

Earthchain: Listen, Focus & Fearless

Bank of America: Make business easier.

Notolytix: Team, experience, vision

Discover Global Network: Reach, Scale, and Partnership

Tribe: Agility, Community, Customer-centricity.

MERCHANT PAYMENTS ECOSYSTEM

Merchant PAYMENTS DATA IS POWER. But only when you use them. How to use them effectively?

myPOS

*"It's clear that through insights, we get to know our customers and Big Data plays a vital role in this. By observing the customers' transaction history, preferred payment methods, the time at which they transact, and so on, merchants can gauge preferences and behaviour. In-depth analysis reduces costs, enhances processes and improves profitability. This is why **it's important to use one single platform for all transactions** which facilitate a better mining of the data".*

MERCHANT PAYMENTS ECOSYSTEM

Merchant PAYMENTS DATA IS POWER.
But only when you use them.
How to use them effectively?

Notolytix
"Payments data holds the key to solving multiple problems, as long as merchants have the tools to interpret it in various angles . Fraud prevention, compliance, MDM, loyalty and upselling opportunities rely on the payments data pool. Instead of using multiple vendors for each of these problems, merchants can improve their ROI ***by selecting a single flexible and data agnostic transaction monitoring solution".***

MERCHANT PAYMENTS ECOSYSTEM

Merchant PAYMENTS DATA IS POWER.
But only when you use them.
How to use them effectively?

Bank of America
For merchants, understanding customer behaviours and being able to tailor product and sales strategy is crucial to success. But using data effectively can be a challenge, and ***merchants need the right tools and training*** *to extract data that is particularly insightful. Using data the right way can help keep tabs on interchange rate management, payment routing optimization, clearing speed and processing costs but it also creates insights in payments trends. Timely access to such data, including funding, disputes and fees, can further drive business decisions and create competitive advantage.*

MERCHANT PAYMENTS ECOSYSTEM

What was the BIGGEST NEWS you released in 2021?

myPOS
"This year we introduced myPOS Online – a platform that helps SMEs expand their businesses online, absolutely for free and accept payments instantly at no added cost. myPOS Online allows merchants to create a modern online store easily and only pay a small transaction fee once a sale is complete. With NO set-up or monthly fees, and, like other myPOS services, it provides a free merchant account with instant settlement of funds and a free business card".

MERCHANT PAYMENTS ECOSYSTEM

Our TOP 3 PRIORITIES in 2022

Notolytix:

1. *Scale,*
2. *Build team rapport,*
3. *Deliver even better product and service to our clients.*

MERCHANT PAYMENTS ECOSYSTEM

The NEXT 3 BIG OPPORTUNITIES for merchant payment companies:

Earthchain:

- ***Climate Intelligence at the Point of Sale*** *– enable* ***merchants*** *to have the conversation on climate with their customers, not just the banks!*
- ***Crypto wallets as means of payment*** *– ever more people hold value in the form of crypto tokens – can we get them to spend that value by accepting their tokens as payment? How do we rate the risk of different cryptocurrencies? Should merchants hold those tokens or convert them to FIAT for processing?*
- ***Convergence of eCommerce & in-store experiences*** *– smart point of sale interactions in-person with marketplace style plugins to help merchants shape their payment experience – Shopify but in-store!*

MERCHANT PAYMENTS ECOSYSTEM

Our PARTNERSHIP OF THE YEAR in 2021

Earthchain:

"Without a doubt, ***Gold Standard****. As the leading certifier of Emissions Reduction Projects around the globe, they were the* ***clear choice for a partnership with Earthchain*** *to provide us with the best available climate action resources for consumers. We take great pains to ensure that our Carbon Ledger upholds the rigorous principles Gold Standard applies to their registry, by using our innovative blockchain solution for by-the-gram carbon accounting. Our platform's accounting cornerstone sealed the deal and brought us a rewarding and exciting relationship with the best in the business".*

MERCHANT PAYMENTS ECOSYSTEM

BEST INVESTMENT OF 2021…

Discover Global Network

"At Discover® Global Network, our best investment in 2021 was in our global partnerships

Building a great global acceptance network in partnership with leading domestic schemes is a specialty for us, and it's one of the reasons why we're now the world's fastest-growing payment system. We now have network alliance partnerships with more than 20 payments networks and continue to look for opportunities to expand across the globe.

Our partnership approach is all about enabling growth for mutual benefit. We offer the reach of our network, our technical and regulatory knowledge and the flexibility to deliver not just in the short term, but in the longer term as well. In return, our partners are contributing to our number of cardholders across the globe and opening up new acceptance markets for us as well."

MERCHANT PAYMENTS ECOSYSTEM

BEST INVESTMENT OF 2021…

Tribe

"Our people are by far the best investment we've made this year. 2021 has been about strengthening our foundations ready for significant growth next year. To make sure we can achieve that scale in 2022 and beyond, it's been vital for us to invest in bringing the right people into team Tribe and make sure they are well-supported and focused on our core objectives".

MERCHANT PAYMENTS ECOSYSTEM

We all LEARN FROM MISTAKES. 3 invaluable LESSONS we learned

Bank of America

- *"Our business revolves around people: our customers, clients, teammates and the communities we serve. Focusing on these groups and what they need is core to who we are and how we deliver responsible growth.*
- *Going Global. eCommerce has created a borderless global economy. Merchants must have a global strategy that provides a local experience and a payments partner that can support it.*
- *Be adaptable. The industry is constantly evolving, and if these past couple of years have taught us anything, it's that we need an open mindset in order to embrace challenges that may come our way".*

What does it mean to you to sponsor MPE2022?

myPOS

"It means a lot for myPOS to be able to support the platform that helps promote the payments industry forward. It's always a pleasure to be among our peers at the biggest payment acceptance event in Europe."

Earthchain

"Sponsoring MPE2022 is a huge leap for Earthchain. It signals our determination and commitment to focus our climate intelligence on the needs of merchants and the retail sector. We are proud to bring a new and critical topic into this space, one which merchants will feel increasing pressure to respond to. We cannot wait to meet everyone in Berlin and experience the trends in merchant payments first hand!"

What does it mean to you to sponsor MPE2022?

Notolytix

"It is a great opportunity to support one of the best industry forums. We look forward to a great event in times when our social and customer communication have evolved so much in such a short time".

Bank of America

"*As one of the leading financial institutions in the world, we have a long-standing presence in Europe and have relationships with many of the show exhibitors who are here. As the payments landscape continues to evolve, we're excited to participate and contribute to one of Europe's largest payments conferences and help merchant's meet their global payment processing goals."*

What does it mean to you to sponsor MPE2022?

Discover Global Network

"Sponsoring MPE2022 supports our partnership approach of enabling growth for mutual benefit. By fostering relationships with other key players in the payments ecosystem, we're able to share and gain valuable insights and provide flexible solutions to our partners."

Tribe

Although Tribe doesn't work directly with merchants, our clients and partners do, so we work hard to make sure our solutions are end-user focused, to support the payments journeys that consumers demand. That way we can make sure our clients can deliver the services they need to to remain competitive and profitable. Being at MPE is a really important part of that mission - to make sure we stay close to payment trends and merchant needs. It's also a way to share our expertise and enhance the Tribe ecosystem.

Partnership, Mergers & Acquisitions

Visa Completes Acquisition of Currencycloud

Visa (NYSE: V) today announced it has completed the acquisition of Currencycloud, a global platform that enables banks and fintechs to provide innovative foreign exchange solutions for cross-border payments.

The acquisition will empower Visa and Currencycloud clients and partners to provide greater transparency, flexibility and control for consumers and businesses when making international payments or doing business in multiple currencies.

The acquisition builds on an existing strategic partnership between Currencycloud and Visa. Currencycloud's cloud-based platform already supports over 500 banking and technology clients with reach in over 180 countries and will continue to serve and support its customers and partners across the industry.

Source: Business Wire

Digital River and VTEX partner for global expansion

US-based global commerce enabler Digital River has teamed with ecommerce platform VTEX and created an integrated solution for cross-border selling.

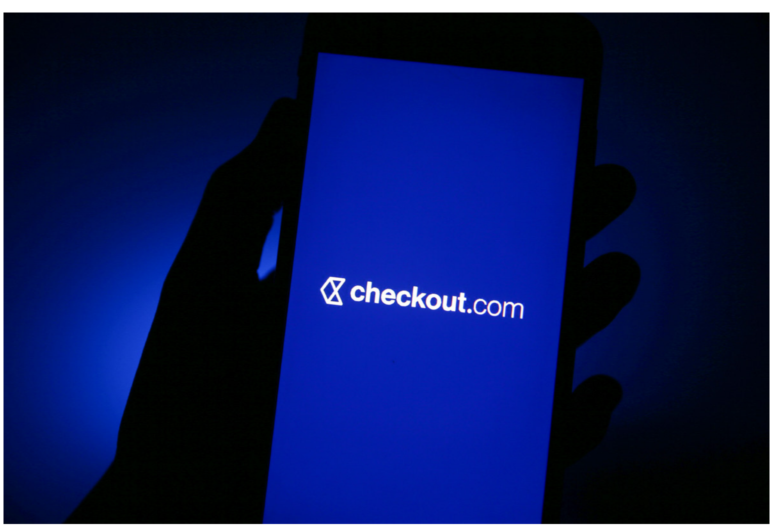
This partnership adds Digital River's Global Seller Services of payments, taxes, compliance, fraud, and logistics to VTEX's ecommerce platform, facilitating global expansion for mid-market and enterprise-level companies.

According to the press release, global expansion is becoming increasingly complicated with region-specific taxes and ever-changing compliance rules. Together, Digital River and VTEX are providing brands with an end-to-end commerce solution that eliminates managing multiple vendor relationships to operate their ecommerce sites.

Source: The Paypers

Industry News

Checkout.com Raises $1B, Eyes Web 3 Push



London-based global payments processor Checkout.com has raised $1 billion in Series D funding at a $40 billion valuation. The funding will help drive U.S. market growth, continued evolution of the technology platform and Web 3 efforts.

"We have long-faced substantial demand to serve the U.S. market, and with our Series D, we're doubling down on our commitment to scaling our platform, partnerships and products for customers here," Checkout.com Chief Financial Officer Céline Dufétel said in the announcement post.

"Much like our approach in EMEA (Europe, Middle East and Africa), we will maintain our focus on the enterprise – especially fintech, software, food delivery, travel, e-commerce and crypto merchants. We're looking to help our U.S. customers grow domestically and internationally, and to help our non-U.S. customers expand into the market here," Dufétel added, noting that the number of North American employees at her company is expected to triple this year.

Over the past year, Checkout.com has opened new offices in six countries across four continents and expanded its executive team in the U.S. and Europe. The company now has more than 1,700 employees in 19 countries.

The funding round more than doubled Checkout.com's valuation from the Series C round a year ago. Primary investors included Altimeter Capital, Dragoneer Investment Group, Franklin Templeton, GIC, Insight Partners, the Qatar Investment Authority, Tiger Global and the Oxford Endowment Fund, among others.

Checkout.com offers an online platform that simplifies payments processing for global online merchants. Customers include Netflix, Pizza Hut and Sony, as well as crypto companies Coinbase, Crypto.com, FTX and MoonPay.

Checkout.com will continue to focus on strengthening its position in the Web 3 sector, the company said. The company's modular products and platform are used by fan token providers like Socios.com and blockchain-based wallets like Meta's much delayed Novi. Checkout.com is also beta testing a system to settle transactions for merchants using digital currencies.

Source: Coindesk

UK Payment App lopay **Disrupts The Market By Challenging Sumup**, Zettle And Square

Challenger payment app, lopay, is launched onto the UK market with ground-breaking transaction rates that will shake up the industry.

lopay is the new instant payment app released in the UK this December. Designed to give merchants greater control over the money they earn, the app gives them the freedom to choose when they get paid and the rate they pay – weekly (0.79%), next day (0.99%) or instantly (1.79%).

Currently, small business owners and operators have little say over the transaction rates they have to pay. The developers of lopay are challenging this outdated system by giving merchants the flexibility to choose their own payment terms – and at any time.

'We knew the time was right to break the stranglehold the big three had over this sector. And that's what we're doing. The ethos behind lopay is simple: everyone should have more control over the money they earn and access the rates they deserve.'
Richard Carter, CEO, lopay

In fact, what's really waking up companies like SumUp and Zettle is that lopay's payment rates are less than half theirs. And there might be more for them to worry about. This sense of control is enhanced through lopay giving merchants clear reports, tipping functionality, automatic email receipts and the ability to give refunds. There are no monthly fees or long term commitments either.

lopay works through enhanced QR technology – the customer simply scans the code presented by the merchant and pays via either Apple or Google Pay – or via a free lopay card reader.

Source: PR Web

Square, Inc. **Changes Name** to Block

The change differentiates the Square brand, which was built for the Seller business, from the corporate entity

Square, Inc. (NYSE: SQ) announced today that it is changing its name to Block. Block will be the name for the company as a corporate entity. The Square name has become synonymous with the company's Seller business, which provides an integrated ecosystem of commerce solutions, business software, and banking services for sellers, and this move allows the Seller business to own the Square brand it was built for.

The change to Block acknowledges the company's growth. Since its start in 2009, the company has added Cash App, TIDAL, and TBD54566975 as businesses, and the name change creates room for further growth. Block is an overarching ecosystem of many businesses united by their purpose of economic empowerment, and serves many people—individuals, artists, fans, developers, and sellers.

"We built the Square brand for our Seller business, which is where it belongs," said Jack Dorsey, cofounder and CEO of Block. "Block is a new name, but our purpose of economic empowerment remains the same. No matter how we grow or change, we will continue to build tools to help increase access to the economy."

The name change to Block distinguishes the corporate entity from its businesses, or building blocks. There will be no organizational changes, and Square, Cash App, TIDAL, and TBD54566975 will continue to maintain their respective brands. A foundational workforce, which includes teams such as Counsel, People, and Finance, will continue to help guide the ecosystem at the corporate level. As a result of the name change, Square Crypto, a separate initiative of the company dedicated to advancing Bitcoin, will change its name to Spiral.

The name has many associated meanings for the company — building blocks, neighborhood blocks and their local businesses, communities coming together at block parties full of music, a blockchain, a section of code, and obstacles to overcome.

Square, Inc. is referred to as "Block" in this press release. The legal name "Square, Inc." is expected to be legally changed to "Block, Inc." on or about December 10, 2021, upon satisfying all applicable legal requirements. The company's NYSE ticker symbol "SQ" will not change at this time. Any changes in the future will be publicly disclosed. No action is needed from current stockholders. The Company's Class A common stock will continue to be listed on NYSE and the CUSIP will not be changing.

Source: Square Up

Buy Now Pay Later

More than 17 million have used **buy now, pay later services**

More than 17 million UK customers have now used a buy now pay later (BNPL) company to make an online purchase, company data shows.

The payment method is also set to have its biggest Christmas yet, experts say.

BNPL firms allow people to manage their shopping, either by postponing their bill for a short while, or splitting it into more manageable chunks over time, interest free.

But critics say users too easily end up in debt and tougher rules are needed.

The biggest provider in the UK, Klarna, has seen its customer base double to 15 million since early 2020. The market's other main players, Clearpay and LayBuy, are also expanding fast.

Growth is fastest among users in their 40s and 50s, showing BNPL is no longer just a millennial and Gen Z trend.

'Understand what you sign up for'

A recent survey for Citizens Advice found that almost one in 10 people were planning to use BNPL to help with Christmas shopping.

Kate Hobson from Citizens Advice urged consumers "not to spend more than they can afford".

"If you're considering using buy now pay later, make sure you understand what you're signing up for, how you'll make the repayments and what will happen if you can't pay on time," she added.

The main players in the market, however, feel they offer consumers a hassle-free means to pay for purchases without interest. It is also much cheaper than a credit card if late payment fees aren't incurred, they add.

Klarna, which launched in the UK in 2014, charges no interest or fees if payments are on time and claims around 40% of users repay money early.

The service launched a "pay now" option and updated its terms ahead of an expected crackdown on the sector. Platform Clearpay stresses it does not report late paying users to credit agencies, and maintains that many of its users are in fact better with their money than they are given credit for.

"There are misperceptions that young people are bad at saving and investing money, however a report by Accenture on Clearpay users has shown that young people are more cautious with money than older people," a spokesperson said.

LayBuy saw transactions grow 500% between 2019 and 2020 and the company reported a 56% spike in transactions last November, as Christmas shopping commenced. The family-run business, which was the first to run affordability checks on users, has since listed on the Australian Stock Exchange.

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Source: BBC

Railsbank to **drive changes in BNPL market**

Leading global Embedded Finance Experiences platform Railsbank has driven a stake into the increasingly popular Buy Now Pay Later (BNPL) market by giving retailers a greater share of the spoils.

Current BNPL providers brand their own offerings which take the customer away from the original retailer's website and onto their own. Here they engage and nourish, meaning the original seller misses out on a wide range of marketing opportunities.

Not for much longer as Railsbank enters the market with a white label BNPL credit solution which allows retailers to offer branded, fully-integrated payment experiences.

Initially available in the UK and Germany, this solution will allow retailers a far bigger share of the fun. The BNPL market, part of the embedded finance industry, is set to be worth a whopping $3.5 trillion by 2030.

COO of UK and Europe Louisa Murray sets out the stall: "Our solution means that the retailer's customer does not see the BNPL provider's brand, but the brand from which they are buying. We want to remove distractions and allow retailers to maximise engagement with their users. We believe this is a unique offering in the UK and one that will be very popular to a number of different retail verticals including fashion, homeware, travel, and sports

"Customers are increasingly reaping the benefit of checkout financing to help them repay over time. This is supported by digital BNPL providers. But, many of them are building consumer brands in their own right. They are incentivised to draw customers away to their own sites to create accounts, manage instalment plans and make repayments.

"In many ways, their retailer partnerships are a means of acquiring their own customers. BNPL providers own all accompanying customer interactions and information. This dilutes retailers' own purchase journeys and brand loyalty."

Railsbank believes its solution is a new way for retailers to offer own-brand, customisable and frictionless payment experiences to their customers. It helps businesses to disintermediate third parties and focus on building long-lasting relationships with their customers.

It will enable its businesses to reclaim this experience by providing their own instalment financing online and in-store. Customers can split payments in up to 36 instalments without distractions, or risk posed by a third party. Retailers can declutter checkout flows, unlock new engagement opportunities during the payment and repayment lifecycle, and link rewards accounts. And, they get to hold onto their own customer's information.

Murray continued: "Our mission is to enable businesses to offer deeply embedded, delightful financial experiences. We think helping retailers recapture a vital piece of their product lifecycle is an obvious way we can deliver this. Retailers work hard to develop good, differentiated products and brand loyalty. We want to remove the distractions and enable new interactions to help them capitalise on that. This will help retailers materially improve metrics that matter to them; conversion, basket size and lifetime customer value. We are excited to add BrandPay to the breadth of experiences that our platform supports today."

Source: [Rails Bank]

BNPL firm Anyday opts for Nordigen for **client analytics and loan decision making**

Buy Now, Pay Later player Anyday has partnered with open banking platform Nordigen to provide accurate and healthy credit offerings. Using Nordigen's premium lending categorisation tool, Anyday will be able to perform detailed credit checks, approving their customers in seconds.

Anyday is a Denmark-based, financing solution that prioritises users' experience, by removing interest rates and additional fees typically associated with BNPLs. Instead they work with countless merchants who take on additional fees on their sides, to benefit the users.

"Anyday's mission is to provide fair and transparent financing to all shoppers. In order to accomplish this, we knew we needed to partner with a provider that can help us gain deep insight into a shopper's personal economy in order to provide a healthy credit offering. With that, Nordigen was a clear choice. Our communication and collaboration were rock solid from the start and Nordigen's APIs were seamless to integrate. We couldn't be happier that now, together, we are able to further deliver on our mission to provide the best possible financing solution for merchants and shoppers across Denmark, without any unexpected expenses and unpleasant surprises," says Luke Golden, product owner at Anyday.

Nordigen securely shares financial information with third party financial service providers in Europe through the use of their PSD2-regulated APIs. This information helps SMEs provide their users with better services and quicker credit checks.

"Anyday has created a financing tool for the people and we are delighted to be collaborating with them to enhance their credit check process. Open banking has created many opportunities for good with transaction data sharing and creating better, more simplified processes to benefit the user and our premium categorisation tool helps take this one step further with more organised and clear data analysis," says Rolands Mesters, co-founder and CEO of Nordigen.

Source: Fintech & Finance News

Crypto News

Lords Committee pours **cold water on UK CBDC**

A Committee of peers in the House of Lords has concluded that there is no convincing case for the creation of a central bank digital currency in the UK.

The Economic Affairs Committee found that while a CBDC may provide some advantages, it could present significant challenges for financial stability and the protection of privacy.

The Bank of England and HM Treasury have been actively pursuing the case for a CBDC, dubbed Britcoin, due to the declining use of cash and the threats to monetary sovereignty posed by private digital currencies.

The upper chamber of the House of Commons commenced its inquiry into the issue in November, taking evidence from the Bank of England and senior banking officials.

Lord Forsyth of Drumlean, Committe Chair, comments: “We took evidence from a variety of witnesses and none of them were able to give us a compelling reason for why the UK needed a central bank digital currency. The concept seems to present a lot of risk for very little reward. We concluded that the idea was a solution in search of a problem.”

In publishing its report, the Committee expresses a view that the creation of a retail CBDC could lead to a run on bank deposits in times of economic stress and could also draw the Bank of England into controversial debates on privacy and state surveillance.

Security risks, both from the pilfering of individual accounts and hostile attacks on the centralised CBDC ledger, were also highlighted.

States Forsyth: “The introduction of a UK central bank digital currency would have far-reaching consequences for households, businesses, and the monetary system. We found the potential benefits of a digital pound, as set out by the Bank of England, to be overstated or achievable through less risky alternatives."

Source: Finextra

Half of crypto owners want their salaries in crypto

New research reveals that 55% of crypto owners – rising to 60% of 18-24 year olds – would rather get paid their salary in cryptocurrency.
The research from Paysafe, a specialised payments platform, ‘Inside the crypto community: Plotting the journey to mass adoption’ surveyed a cross section of 2,000 crypto owners living in the US and UK, including their attitudes towards the future of decentralised finance.

Over half (54%) of crypto owners agree that cryptocurrency is the future of finance and will take over as the dominant form of international currency. This was also the primary motivation for owning crypto in the first place, ahead of making money from trading or investing. However, the research suggests this conclusion has come through careful consideration – and that crypto owners have had concerns along the way. In fact, 70% of people admitted to having doubts about investing in crypto at some point since they started trading, with nearly half (49%) of all crypto owners having cashed out either some or all of their cryptocurrency assets at some point as a result.

According to crypto owners, payments hold the key to mass crypto adoption. The top reason for not wanting to be paid in cryptocurrency is that it can’t be used to make payments widely enough at present (24%). Additionally, 22% of all crypto owners said they would invest more in crypto if more retailers accepted it as a form of payment, and 17% said the same if more countries accepted cryptocurrencies as legal tender. Overall, 59% of respondents agree that the lack of real-world applications for cryptocurrencies, such as payments, is currently preventing crypto from reaching its full potential.

Despite some of these potential stumbling blocks, crypto owners are optimistic on the timeline to widespread adoption. Over half (60%) agree that you’ll be able to use crypto to make online purchases, while 47% agree that accepting cryptocurrencies in physical stores will become commonplace within the next 12 months. Finally, nearly half of crypto owners (49%) believe that everyone will own cryptocurrency within the next five years.

Source: The Paypers

Visa Study: Small Businesses Optimistic, **Looking to Digital Payments for Growth in New Year**

- The 6th edition of Visa's Global Back to Business study finds that 73% of small businesses surveyed 1 said accepting new forms of digital payments is fundamental to growth in 2022
- 59% of small businesses surveyed said they already are, or plan to, use only digital payments within the next two years – largely in step with 41% of consumers surveyed who said the same
- 90% of small businesses surveyed with an online presence said they attributed pandemic survival to increased efforts to sell online

As Visa (NYSE: V) continues toward its goal of digitally-enabling 50 million small and micro businesses (SMBs), a new research study released today – the "Visa Global Back to Business Study – 2022 SMB Outlook" – found that 90% of surveyed SMBssaid they are optimistic about the future of their businesses, the highest level of optimism in Visa Global Back to Business studies to-date. While wiping down groceries and quarantining mail might be bygones of an earlier pandemic era, some changes – such as increased use of digital payments – are here to stay: 82% of SMBs surveyed said they will accept digital options in 2022 and nearly half (46%) of consumers surveyed2 expect to use digital payments more often in 2022, with just 4% saying they will use them less.

"Payments are no longer about simply completing a sale. It's about creating a simple and secure experience that reflects one's brand across channels and provides utility to both the business and its customer," said Jeni Mundy, Global Head Merchant Sales & Acquiring, Visa. "The digital capabilities that small businesses built up during the pandemic – from contactless to e-commerce – helped them pivot and survive and, by continuing to build on this foundation, can now help them find new growth and thrive."

According to this year's study, which surveyed small business owners and consumers in nine markets – Brazil, Canada, Germany, Hong Kong, Ireland, Russia, Singapore, United Arab Emirates and United States – the consensus outlook for 2022 is one of optimism and intent to digitize even more:

The Path Forward in 2022 for SMBs

- 2022 Ushers in Optimism and Confidence: Building on the 90% of SMBs surveyed who are optimistic about their future, 54% viewed the last year as an opportunity and report their business is doing well heading into the new year, up from 46% who said the same during summer 2021.3
- Going Long on Digital Payments – Even Crypto : An overwhelming82% of SMBs surveyed said they plan to accept some form of digital option in 2022 and 73% see accepting new forms of payments as fundamental to their business growth. Of those surveyed, 24% said they plan to accept digital currencies such as the cryptocurrency Bitcoin.
- E-commerce Buoyed Businesses: Of small businesses surveyed with an online presence, 90% agreed their survival through the pandemic was due to increased efforts to sell via e-commerce, and reported that, on average, over half of their revenue (52%) came from online channels in the last three months.
- Leaving the Change: A majority of SMB respondents expect their business to shift to relying exclusively on digital payments in the future. While 64% of survey respondents anticipate being able to make this shift within 10 years, 41% say it could be within the next two years—and 18% are cashless already.

Consumers Set the Tone in 2022

- Accelerating Toward a Digital Future: More than half of consumers surveyed (53%) responded they expect to shift to being cashless within the next 10 years, 25% said it will happen in the next two years and 16% are already using only digital payments. The top benefits for relying more on digi-

tal payments amongst surveyed consumers were easier online shopping (47%), followed by less risk of robbery (38%) and convenience (37%).
- Abandoned Shopping Carts In-Real-Life (IRL): The failure to offer digital payment is frequently a dealbreaker – 41% of consumers surveyed said they have abandoned a purchase in a physical store because digital payments were not accepted, and younger shoppers are even more likely to do so. Gen Z (59%) and Millennials (55%) have not bought something because there was no way to pay digitally, significantly more than Gen X (38%) or Boomers (19%).
- Consumers Embrace the Global Marketplace: As small businesses look to reach more customers online, 50% plan to increase cross-border sales in 2022. On average, 68% of consumers responded they are comfortable buying items or services from a business in another country or territory. Of those who are not completely comfortable, 57% cited that fraud protection typically offered by their credit or debit card provider, such as Visa's Zero Liability Policy, makes them more comfortable with international commerce.

Digitally-Enabling 50 Million Small Businesses

Since the start of the pandemic, Visa has launched a variety of community-based programs to help more small businesses accept digital payments and gain greater access to the digital economy. As part of this ongoing commitment, Visa today also announced it has helped to digitally-enable 24.8 million SMBs worldwide, or 50% of the multi-year goal it set in 2020 to digitize 50 million SMBs.

Throughout 2022, Visa will continue to provide resources that support small businesses, such as the $1 million Grants for Growth program announced earlier this week with Uber and Local Initiatives Support Corporation (LISC). Through Grants for Growth, 100 merchants will receive grants of $10,000, disaster recovery and resiliency guides from Uber and LISC, and placement in the Uber Eats app. Grants for Growth will be supported and managed by LISC and focuses on local Uber Eats restaurants in 10 cities: Atlanta, Boston Chicago, Detroit, Los Angeles, Miami, New York/New Jersey, Philadelphia, San Francisco Bay Area and Washington D.C. For more information on how to apply for Grants for Growth, please visit lisc.org/uber.

More information on the programs Visa has made available to small and micro businesses can also be found on the Visa Small Business Hub and the Visa Small Business COVID-19 support site.

Methodology: Visa Back to Business Study
The Visa Back to Business Study was conducted by Wakefield Research in December 2021 and surveyed 2,250 small business owners with 100 employees or fewer in Brazil, Canada, Germany, Hong Kong, Ireland, Russia, Singapore, United Arab Emirates and United States. The consumer section surveyed 1,000 adults ages 18+ in the United States, and 500 adults ages 18+ in Brazil, Canada, Germany, Hong Kong, Ireland, Russia, Singapore and United Arab Emirates.

About Visa Inc.
Visa (NYSE: V) is a world leader in digital payments, facilitating more than 215 billion payments transactions between consumers, merchants, financial institutions and government entities across more than 200 countries and territories each year. Our mission is to connect the world through the most innovative, convenient, reliable and secure payments network, enabling individuals, businesses and economies to thrive. We believe that economies that include everyone everywhere, uplift everyone everywhere and see access as foundational to the future of money movement. Learn more at Visa.com.

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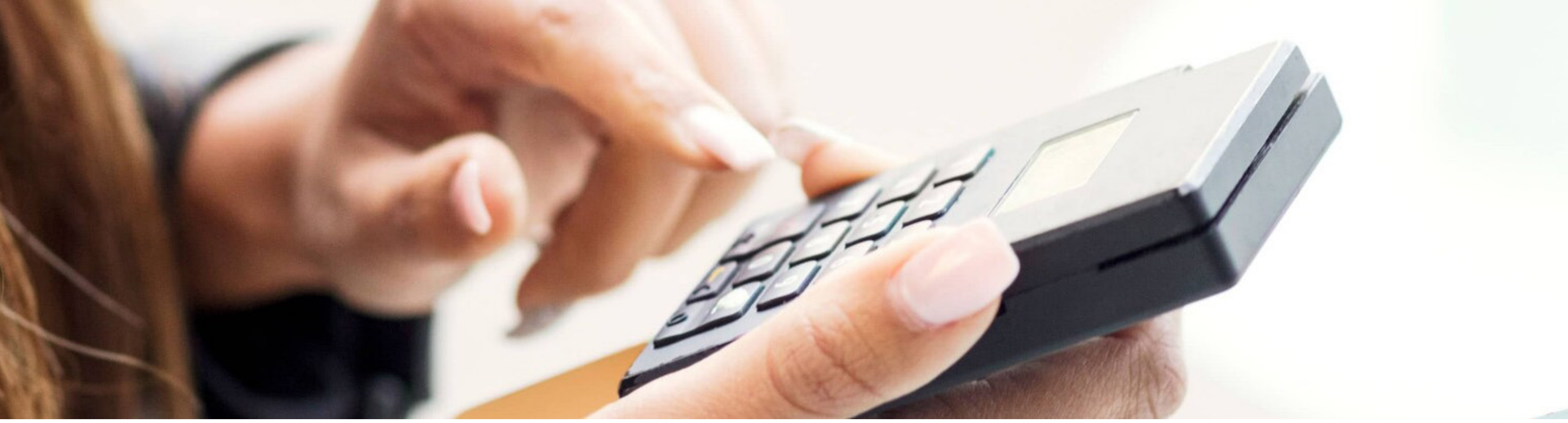
1 Unless otherwise noted, percentages cited represent average from SMB respondents across all nine markets: Brazil, Canada, Germany, Hong Kong, Ireland, Russia, Singapore, UAE and US
2 Unless otherwise noted, percentages cited represent averages from consumer respondents in all nine markets: Brazil, Canada, Germany, Hong Kong, Ireland, Russia, Singapore, UAE and US
3Visa Back to Business Global Study, 5th Edition, page 6

Source: Visa



The Global Payments **Report 2021:** All in for Growth

Payments snapped back from the rigors of the pandemic faster than most observers would have expected. Analysts use the term elastic to describe a market participant's success in absorbing change. But the payments industry wasn't just elastic—it was a slingshot. The nimbleness with which it adapted to the crisis enabled economies the world over to rebound faster as well.

As purchasing habits shifted almost overnight from offline to online and from cash to noncash, payments players responded in kind, accelerating e-commerce enablement, expanding fulfillment options, and streamlining point-of-sale and online checkout. They helped people who were dealing with financial uncertainty by providing debt relief, flexible installment purchases, supplier financing, and cash-flow management.

Although many industry experts, including BCG, expected payments growth to slow significantly as a result of the crisis, revenues declined only marginally from 2019 to 2020. We now anticipate that the total revenue pool could nearly double to $2.9 trillion by 2030, up from about $1.5 trillion today.

But growth has a price. The industry's success is attracting new players and leading to faster innovation. Over the next several years, we're likely to see continued platformization as payments acceptance and services become embedded in more digital ecosystems and as software solutions become more specialized. Regulators, governments, and central banks are engaging more actively, too. Many are developing new payments frameworks and holding players to higher standards in a number of areas. As a result of these changes, most industry participants will have to adapt their strategies, operating models, and routes to market—in some cases, retooling down to the core.

These are among the findings of BCG's 19th annual analysis of payments businesses worldwide. Our coverage opens with a comprehensive market outlook, examining global trends and regional performance. Then we examine the likely implications of these trends for the industry's major participants—focusing on challenges they're likely to face over the next five years and on actions they can take to secure long-term growth.

The pandemic revealed the payments industry's ability to respond to change. Now is the time to build on this capability. The race for advantage starts now.

Source: Bcg

Global Payments 2021

All In for Growth

October 2021

By Yann Sénant, Markus Ampenberger, Ankit Mathur, Inderpreet Batra,
Jean Clavel, Tijsbert Creemers, Toshihisa Hirano, Kunal Jhanji, Stanislas Nowicki,
Michael Strauß, Alejandro Tfeli, Álvaro Vaca, and Michael Zhang

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Merchant Payments Players Are Fighting Disintermediation

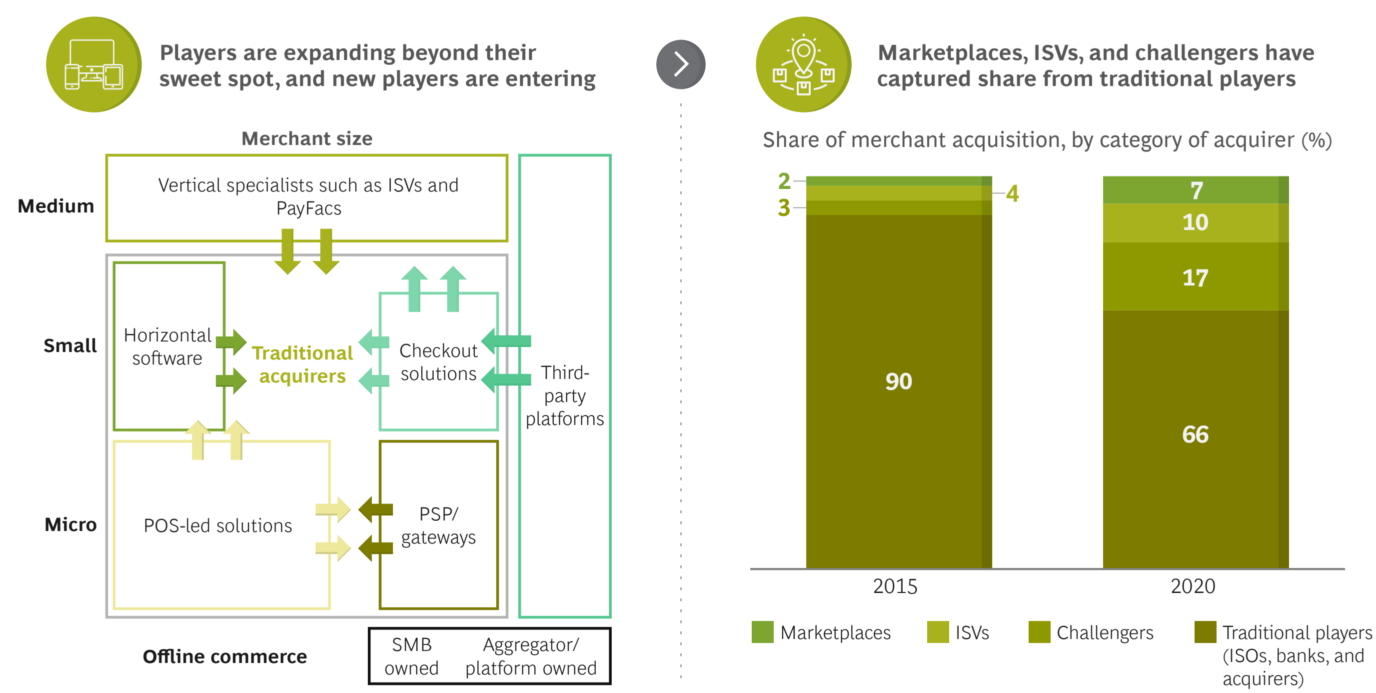
Merchant acquiring is one of the fastest-growing businesses in payments. From 2015 to 2019, revenues in this area increased at an average rate of 11.8% globally, driven by e-commerce adoption, new payments methods, and value-added services (VAS) such as risk and fraud management and merchant and consumer finance. Although growth tapered to just 2.2% from 2019 to 2020, the outlook for the next five years is for revenues to resume their former trajectory, with a CAGR of 11.3% expected through 2025. Capturing that growth, however, will require new and established players to work differently than they did before.

Three Challenges to Address

Just a few years ago, payments offered plenty of opportunity for all comers. However, the market has become increasingly disaggregated. The COVID-19 pandemic is one force behind this development, hurting acquirers that are exposed to sectors hit hard by the crisis, such as entertainment, travel, and tourism. But business model and market characteristics are additional factors, driving valuations sharply higher for companies with certain segment, product, and operational strengths. Three elements are particularly important:

- **Profitability varies widely across segments.** The SMB and online segments have generally had the strongest payments revenue growth and margin potential, but some verticals saw their growth clipped during the early stages of the pandemic as aggregators and delivery services such as Doordash and PostMates ate into transaction volumes. In contrast, large corporate customers—which typically produce less attractive margins—have continued to deliver high transaction volumes that provide payments players with a steady stream of revenues and enable them to amortize their fixed costs. These segment dynamics may require payments players to adjust their customer portfolio composition to strike an optimal balance between growth and margin performance. Rebalancing is not simple, however, as the SMB and large corporate segments have very different go-to-market characteristics.
- **A fast-expanding heterogeneous market adds complexity and pressure.** The desire to enter high-growth sectors and claim first-mover advantage has fueled massive business development across the value chain. (See Exhibit 4.) That value chain consists of three broad markets: incumbents and payments services providers that historically have served large, offline merchants; global, digital-native players that predominantly serve online businesses; and local integrators and SMB specialists that offer specialized payments services. Entities that have secured a strong position in one market are using their financial and customer momentum to jump into new categories where they hope to build critical mass and create platform dominance. Because this activity is occurring throughout the value chain, slower movers have to spend more to defend their turf, and they face an increasing risk of lockout when attempting to enter new markets.

Exhibit 4 - The SMB Acquiring Landscape Is Evolving Rapidly



Source: BCG analysis.

Note: Because of rounding, not all bar chart percentages add up to 100%. ISO = independent sales organization; ISV = integrated software vendor; PayFac = payments facilitator; POS = point of sale; PSP = payments service provider; SMB = small or medium-size business.

- **E-commerce growth is accelerating disintermediation.** Boosted by pandemic-related shifts in buying patterns, e-commerce adoption will likely grow by double digits over the next several years—much faster than physical point-of-sale transactions will. Online marketplaces are also becoming more popular for both buyers and sellers. Shopify and other software platforms that support the configuration of online shops and websites make this form of e-commerce engagement simpler and more cost-effective for merchants, especially small and medium-size ones that may lack the resources to staff digital development in-house. As the sharing economy expands beyond car services and lodging, ISVs and online marketplaces will embed payments capabilities—such as onboarding for small, local merchants; checkout for consumers; and recurring or subscription-based payments—into their platforms, commoditizing the core transaction product. To remain competitive, established payments players will need to offer specialized VAS and rethink their direct-to-customer distribution models.

A Time to Refocus and Retool

The ongoing rapid changes within the payments landscape will require organizations to adjust their strategy, operating model, and go-to-market approach. We have identified three areas where companies should focus their attention.

Reboot strategy to identify defendable pockets of growth. Acquirers and processors need to evaluate opportunities through multiple lenses. First they must determine which segments, verticals, and geographies hold the most promise for their particular combination of strengths. Second, they must identify the capabilities and investment required to win. For example, to succeed in the high-growth e-commerce segment, acquirers will need to accommodate everything from the initial gateway and acceptance of relevant local payment methods to VAS and data analytics. They will also need to enable rapid digital merchant onboarding and seamless integration into online platforms. Anticipating downstream risks and competitor moves is important to help management articulate differentiators that will allow the business to defend its advantage. But all of these efforts call for significant upfront planning.

Banks contemplating a reentry into the merchant acquiring arena could have a compelling advantage over nonbank competitors, since they can offer merchant customers both payments acceptance and such banking services as current accounts, foreign exchange hedging, and lending products. That breadth enlarges the customer value proposition, but banks must still undertake the same calculus as monoline acquirers and figure out how best to differentiate their offerings. Institutions considering this move must also decide whether to bring acceptance and acquiring fully in-house, which can be a challenge for businesses that are starting from scratch, or outsource noncore activities such as processing, which could result in less control. Each approach has different investment requirements, too.

Upgrade the operating model. Four core capabilities are essential to winning in the merchant acquiring space. The first is establishing an agile product innovation engine, given the strategic importance of technology. Leaders must have multiple bets in play so they can adjust quickly to market movements. And rather than leaving maintenance of that portfolio to chance, acquirers must create a formal product innovation discipline with a senior executive sponsor and support from cross-functional teams. Executive ownership is essential to ensure alignment from the business, remove organizational blockers, and procure needed resources.

To encourage bold thinking, acquirers may wish to keep the product innovation function separate from the core business. Independence can free innovation teams to test multiple concepts—including ones that could cannibalize the core business. We have seen instances where, after creating a robust product innovation muscle, acquirers have been quicker to validate new value propositions and move into attractive segments.

The second core capability is professionalizing risk management and compliance. The spike in credit and fraud risks (notably in segments where the spread between purchase and service delivery is wide), the Wirecard accounting scandal, and the need to implement anti-money-laundering and sanctions provisions have increased institutional concern over risk management in merchant acquiring, especially for nonbank acquirers that have not been subject to bank-style regulations in the past. To professionalize risk management and compliance, acquirers need to consider merchant credit-risk factors and related scoring, develop a toolset to codify and streamline mitigation interventions, establish risk governance and risk steering mechanisms, and define specific merchant-onboarding guidelines. (See Exhibit 5.)

Exhibit 5 - Five Core Elements to Professionalize Risk and Compliance

Core element	Description	Priority: Crisis response	Priority: M&A/postmerger integration	Priority: Growth agenda
Risk fact base	Quantify merchant credit risk, and determine risk-bearing capacity	High	High	High
Risk mitigation and portfolio restructuring toolset	Develop levers to reduce exposure from unexpected loss, and define requirements for merchants	High	High	Medium
Risk governance setup	Ensure involvement of relevant decision-making bodies, focusing on onboarding and monitoring processes	High	High	High
Risk steering cockpit	Leverage internal and external sources to enable concise risk reporting, and report on interactions with merchants	High	High	High
Onboarding playbook	Establish requirements for new merchants, set contract terms, and prepare quick guides for sales team	Low	High	High

Source: BCG analysis.

Third, acquirers must upgrade their digital sales capabilities. Outbound marketing and early direct sales used to be the primary method of customer acquisition in B2B; but in the digital era, data-driven lead generation and sales activity have become more important than they used to be. To win new business, acquirers need to attract merchants over all digital channels—the web, mobile, and chat. Leaders will improve their inbound marketing capabilities, optimizing digital search and their own websites to make it easier and more rewarding for merchants to find product information. They'll also master automatically collecting merchant contact information, tracking merchant interests online, qualifying leads in near real time, and quickly routing the most promising leads to sales teams for a seamless buying journey. Enabling swift, efficient digital onboarding and robust customer service after the sale are other must-dos to retain customers and upsell with VAS.

Fourth, acquirers must retool their approach to M&A. In the past, the primary driver of large deals was the need to gain scale and geographic reach. Now, however, acquirers also use partnerships to aid market and product expansion, so they need to evaluate a broader set of potential targets—an undertaking that requires detailed analytics across a range of market niches. In addition, they must adjust their screening mechanisms. With valuations at record highs, investors want to see evidence that acquirers can deliver revenue performance that justifies those multiples. Long-term synergies are no longer enough. Acquirers will have to prepare a clear business case for any planned partnership and engage in more frequent stakeholder communications. In support of that effort, they should create a comprehensive integration plan that articulates the overall M&A narrative, guides investor communications, and establishes the day-to-day operating rhythm for different deal stages. We recommend setting up a dedicated integration office, laying out the decision-making chain of command, and creating concrete milestones such as day-30 plans, day-60 plans, and day-90 plans. In parallel, acquirers should also create a postmerger integration strategy that lays the groundwork for the future governance and operating model, factors in the distinctive cultural characteristics of the acquired organization, and identifies change-management practices to help align and embed successful ways of working.

Adapt go-to-market approaches. Acquirers have an opportunity to forge new and deeper customer relationships by doubling down on two strategic channels. The first of these is to become the go-to data and analytics partner for merchants—something that merchants have told us they very much desire.

Analytics, A/B testing, and customer journey optimization are key needs that fall into an acquirer's wheelhouse. For example, acquirers can use their data and analytics resources to help merchants screen for fraud more effectively. Merchants can then use those insights to focus their interventions on a few bad apples, rather than encumbering everyone else's purchasing experience by imposing authorization checks on the entire customer base.

Likewise, A/B testing can help merchants determine which payments options customers prefer and how to best present these methods on the checkout page. Doing so can help declutter websites that may currently list seven or eight payments methods. In addition, acquirers can help merchants create a seamless omnichannel experience by advising them on the best ways to integrate payments into the customer journey, such as through curbside pick up and other fulfillment methods. Acting as a trusted advisor in these ways can help merchants improve their conversion rates and allow acquirers to build strong relationships and greater customer lifetime value.

The second play is to define a channel strategy for the SMB segment. Acquirers have the chance to ride the growth wave in this space, but they must decide whether it makes sense for them to disrupt their business model by selling through an ISV, online marketplace, webshop provider, or other partner—or to go to market directly. Aligning with a partner could allow the acquirer to sell complementary VAS through the vendor's platform, increasing reach and revenues. But in that scenario, acquirers must enable easy integration, develop a robust API portfolio, and foster a strong developer community. Alternatively, going direct would give the acquirer more control and the potential for greater margins—but that path might require high levels of sustained investment.

In addition to thinking through their ISV play, acquirers should revisit their go-to-market approach for captive channels. For example, banks may want to pivot from a branch-based distribution model to a digital one, to lower costs and improve scale. Creating a quick, simple onboarding experience for SMBs is critical to success. Banks and nonbanks should also look for multipliers such as hotel, restaurant, and hospitality industry associations that can improve lead generation and lower acquisition costs in markets that have a large number of diverse participants. Finally, players should manage their value propositions in these channels strategically, by offering such things as smarter product bundles tailored to industry-specific needs and by applying risk-based pricing.

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MPE 2021: Resilience Through Innovation

MPE and AITE Group is bringing you the summary of the key themes that from the largest European Merchant Payments conference, held this year virtually in February 2021.

MAY 2021

Ron van Wezel

IMPACT POINTS

- This Aite Group report summarizes the key themes from the Merchant Payment Ecosystem (MPE) conference held virtually in February 2021. The report provides an overview of the top trends and issues in merchant acquiring and payments.
- The pandemic has strongly accelerated the shift to digital and contact-free payments, driving innovation in physical and online commerce. The crisis has shown the resilience of payments as a value-generating activity as well as the innovative power of the industry to support merchants in their digital journeys.
- The growth of cross-border commerce puts challenging requirements on merchants to globalize their offerings and support local consumer preferences at the same time.
- Alternative payment methods (APMs) and real-time payment alternatives are growing at a faster rate than traditional payment networks and will surpass them in transaction volume in the near future.
- As of May 2021, the enforcement deadline for strong customer authentication (SCA) has passed for most European Union (EU) countries, and issuers are expected to ramp up soft declines. Implementation issues with EMVCo 3-D Secure 2.0 (3DS2) must be resolved to avoid huge amounts of transaction failure in the coming months. Payment service providers (PSPs) and technology vendors have an important role to play to support merchants in their quest to mitigate the risk of friction and cart abandonment.
- New players have appeared in the acquiring value chain to provide payment services to small and midsize enterprises (SMEs), operating as payment facilitators (payfacs). Payfacs are becoming a formidable force, competing with traditional acquirers. The payfac model allows software companies to manage payments in-house. This gives them more control over the payments process and a significantly larger share of the payments revenue.

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A challenging opportunity: Authentication, 3DS and fraud prevention in emerging markets

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On October 1st, a new regulation on recurring payments in India defeated almost any SaaS business -local or domestic. The Reserve Bank of India implemented new rules for recurring online transactions, making Additional Factor Authentication (OTP verification) mandatory for recurring payments. And this is just the latest example. How does Spotify guarantee that users in Argentina will not have their subscription disrupted because a local credit card didn't fit their global payment infrastructure? How do you make sure entertainment subscribers in emerging markets enjoy the same outstanding customer experience as subscribers in the established U.S. market, without being kicked out of their subscription due to the unfulfillment of local regulations? Merchants are expected to keep up with tax and compliance rules, navigate the plethora of local payment methods, and stay agile to dodge low transaction rates and high fraud potential. Sound overwhelming? It doesn't have to be.

Speakers & Panelists

Volker Schloenvoigt
(Moderator)
Principal,
Edgar, Dunn & Company

Carlos Palma
Project Manager
dLocal

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The Rise of the **Deep Web Fraudster**

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With recent crackdowns on dark web activities, fraudsters have refocused on the deep web to stay anonymous while executing profitable attacks.

Lewis Gunter - Group Manager, Product Marketing at Sift and Alan Moss, Managing Director for Western Europe at Newland Payment Technology as they discuss the payment fraud infiltrating apps like Telegram and share tips for how the entire money ecosystem, from retailers to payment gateways, can proactively stop fraudulent transactions and other attacks emerging from the global Fraud Economy.

Speakers & Panelists

Alan Moss
(Moderator)
MD Europe for Western Europe
Newland Payment Technology

Lewis Gunter
Group Manager, Product Marketing
Sift

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