



Positivity^{magazine}

THE OFFICIAL MAGAZINE OF MERCHANT PAYMENTS ECOSYSTEM • ISSUE 95 / JUNE 2022



BURSTING BUBBLES AT MPE 2022 JULY 5-7, 2022

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MERCHANT
PAYMENTS
ECOSYSTEM

EDITORIAL

Dear POSitivity readers!

Welcome to POSitivity Magazine May/June 2022 bi-monthly roundup! We are just four weeks months ahead of our annual MPE conference, (July 5-7) in Berlin.

This Issue of POSitivity Magazine is focused on Bursting the Bubbles of controversial and hot industry trends impacting the Merchant Payments Ecosystem.

MPE team conducted a series of "Bursting the Bubbles Interviews" with MPE Speakers, Moderators and Merchants attending the events to hear the industry voice on:

- BNPL BUBBLE
- PANDEMIC E-COMMERCE BUBBLE
- OPEN BANKING BUBBLE

MPE team is carefully monitoring the industry trends, and in this Issue of POSitivity, you will find a last three months' selection of industry news, articles, and blog posts that will keep you updated with all the happenings in the exciting world of Merchant payments.

If you have not had a chance to join one of the MPE's webinars organized during previous months, you can find the list of prior webinars or register for the upcoming ones.

Enjoy the reading & we hope to see you all at MPE2022 in Berlin this summer!

Your MPE team (the publisher of the POSitivity magazine)

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

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to Europe's #1 Merchant Payments Conference





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invites you to join her at

THE EUROPEAN MERCHANT PAYMENTS EVENT



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Claire Maslen

Marketing Director
Consult Hyperion

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| THE BEST place to meet
the entire European Merchant Payments Ecosystem
is INTERCONTINENTAL HOTEL, BERLIN
@ MPE 2022, THIS SUMMER, JULY 5-7!

MPE AWARDS 2022



Part of the MPE 2022 conference & expo
July 5-7, 2022

**THE SHORTLIST
IS ANNOUNCED!**

EXCELLENCE AND INNOVATIONS IN MERCHANT PAYMENTS

We're excited to announce a long-awaited shortlist for the MPE Awards 2022 selected by the MPE Awards Judging Committee.

Congratulations to all of our finalists, and a big thank you to everyone that took the time and effort to enter.

MPE 2022 Judges' Choice Awards Shortlist

Category: **MERCHANT ACQUIRER OF THE YEAR** (Blue Ribbon Award)

Proudly sponsored by:



The shortlist is:

Checkout.com
FINARO
Fiserv

Category: **MOST INNOVATIVE FRAUD/ PREVENTION SOLUTION**

Proudly sponsored by:

FREEDOM.PAY

The shortlist is:

FIS Worldpay
ACI Worldwide
Elavon Merchant Services

The competition was tough, and while they didn't make the shortlist, the judges would like to commend Fi911 for their excellent entry and hope to see them next year.

Category: **BEST USE OF DATA ANALYTICS & AI**

The shortlist is:

GoCardless
Elavon Merchant Services
PAIR Finance

The competition was tough, and while they didn't make the shortlist, the judges would like to commend WLPayments for their excellent entry and hope to see them next year.

Category: **BEST CROSS-BORDER MERCHANT SOLUTION**

The shortlist is:

Thunes
dLocal
PayU

Category: **BEST IN-STORE PAYMENTS SOLUTION**

The shortlist is:

Vibrant
Global Payments
ACI Worldwide

Category: **BEST MERCHANT PAYMENT ACCEPTANCE PROVIDER**

The shortlist is:

Computop
BridgerPay
Checkout.com

The competition was tough, and while they didn't make the shortlist, the judges would like to commend Mollie for their excellent entry and hope to see them next year.

Category: **BEST PAYMENTS PARTNERSHIP**

The shortlist is:

Paratika Payment Systems
Orenda & Nium
Trust Payments

Category: **BEST PLATFORM/ MARKETPLACE PROVIDER**

The shortlist is:

Tietoevry
Parkopedia
Safal Fasal by BPC

The competition was tough, and while they didn't make the shortlist, the judges would like to commend PPRO for their excellent entry and hope to see them next year.

Category: **BEST USE OF CRYPTO/ BLOCKCHAIN IN THE MERCHANT PAYMENTS ECOSYSTEM**

The shortlist is:

COINQVEST
Worldline
Orbital

Category: **BEST USE OF OPEN BANKING FOR PAYMENTS**

The shortlist is:

Bridge
Token
Trustly

Category: **CHAIRMAN AWARD – BEST NON-PROFIT/ CHARITIES INITIATIVE**

The shortlist is:

CESKOSLOVENSKA OBCHODNA BANKA (CSOB)
Global Payments
Pennies, the fintech charity

People's Choice Awards

Category: **BEST STARTUP INNOVATION AWARD**
will see the shortlist next week!

Votes are counted in the Category.

MPE INFLUENCER OF THE YEAR AWARD
(VOTED BY THE PUBLIC through ONLINE VOTING)

And the Winner is:

MPE AWARDS

2022

INFLUENCER OF THE YEAR

CANDICE PRESSINGER

A portrait of Candice Pressinger, a woman with long dark hair, smiling, wearing a red jacket over a black top. The background is dark with some light streaks.

We've had an impressive number of nominations this year. Make sure you book your place at the Glittering MPE 2022 Awards Ceremony & Gala Dinner, a part of the MPE Conference on July 5-7 at the Fabulous Intercontinental Hotel Berlin, to find out who will be crowned this year's winners. This is an event not to be missed!

Congratulations, Candice and our finalists, and looking forward to seeing you on stage in Berlin on July 6th at the MPE 2022 Awards Gala.

Please help us celebrate the achievements of the best companies in merchant payments this summer in Berlin!

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mpe@merchantpaymentsecosystem.com



BEST START-UP INNOVATION SHORTLIST ANNOUNCED!





| SHORTLISTED START-UPS will appear in

INNOVATION HUB TRACK & the INNOVATION CORNER at MPE 2022

in Dragon's den style presentations showcasing ground-breaking ideas improving merchant payments in front of the expert panel JURY and MPE audience!

JOIN THEM AND

REGISTER NOW!

| 1000+ DELEGATES

from over 40 countries reconnecting in one of the world's most exciting payments events for BIG Merchants & Payment companies

WHO IS COMING?

| 130+ SPEAKERS

redefining merchant payments across four tracks, over 38 talks and three days

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THREE WEEKS TO GO TO LONG-AWAITED EUROPEAN MERCHANT PAYMENTS CONFERENCE

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LAST 50 FREE TICKETS FOR MERCHANTS AVAILABLE!

If you are a merchant,
CLAIM YOUR FREE PASS

by reaching out to us:

mpe@merchantpaymentsecosystem.com

Please note that free tickets will be given out on a first-come,
first-served basis!

At MPE 2022, you will network with **1200+ C-Level merchant payments** peers, learn from **130+ speakers** addressing payment acceptance trends, and how to thrive and grow in the post-pandemic future.

Join Europe's leading Merchant payments conference,
generate new business discuss the future of Card Acquiring & Alternative payments, and get
answers to your burning questions.

Do you want to learn more about the key conference topics that will be discussed at the MPE 2022?

Watch the Pre-conference Video Interviews recorded with the MPE 2022 Speakers & Moderators

VIDEO Interview: Focus on BNPL. Is BNPL Bubble Going to Burst?

BNPL has grown rapidly but currently faces some headwinds (consolidation, regulation, PR scrutiny, and underlying profitability models).

Watch the Newly launched “MPE 2022 Interview” focused on BNPL, moderated by **Erik Howell, Partner, Flagship Advisory Partners.**

Featuring:

Thomas Ficht, Head of Payment, Risk and Customer Accounts, MYTOYS GROUP

Nina Pütz, CEO, Ratepay.

Erik discussed with Nina and Thomas their experience and perspectives on:

- The Future of BNPL for Merchants and the Payment Ecosystem.
- Is it the future of short-term credit, or is it a bubble that will burst?

Nina shared her insights on how payment companies frame their thinking about the future of BNPL and pointed out that:

“There must be the right technology to power the innovation and appropriate regulatory oversight to protect customers”.

Thomas introduced his perspective on how BNPL drives addi-

tional value for merchants and a few insights about the BNPL regulation and industry self-regulation:

“There are certain BNPL providers who are starting to educate their customers these days. They have their obligatory videos on indebtedness, which is a new way of approaching customers, telling them what can happen. Self-regulation is usually better than being regulated by somebody else.”

If you are curious to hear more about the BNPL Future and:

- Non-traditional use cases to explore, like its expansion to trading & cryptocurrencies platforms
- Merchant’s and PSP’s perspectives on the coming regulation



VIDEO Interview: Focus on the Merchant Payments Regulation

The biggest issue in the merchant payments industry is the ever-expanding complexity and amount of regulation, and the primary concern for merchants is planning for regulatory change.

To do that, merchants need to consider how they engage with the regulatory agenda going forward.

Watch the Newly launched “MPE 2022 Video Interview” **moderated by Paul Rodgers, Chairman, Vendorcom.**

Paul is discussing with **Nilixa Devlukia, Paul Adams, and Ruth Wandhöfer** (the European Merchant Payments Experts) their perspectives on:

- What should merchants and payment solutions providers do to stay abreast of regulatory changes, and how to get involved in them?
- How to prioritize all the areas of merchant payments regulation?
- What are the prime sources of information for merchant payments professionals to follow?
- What are the mailing lists to be on the list?
- Who are the policymakers to build a trusted relationship with?

- How can merchants interact with legislators and regulators?

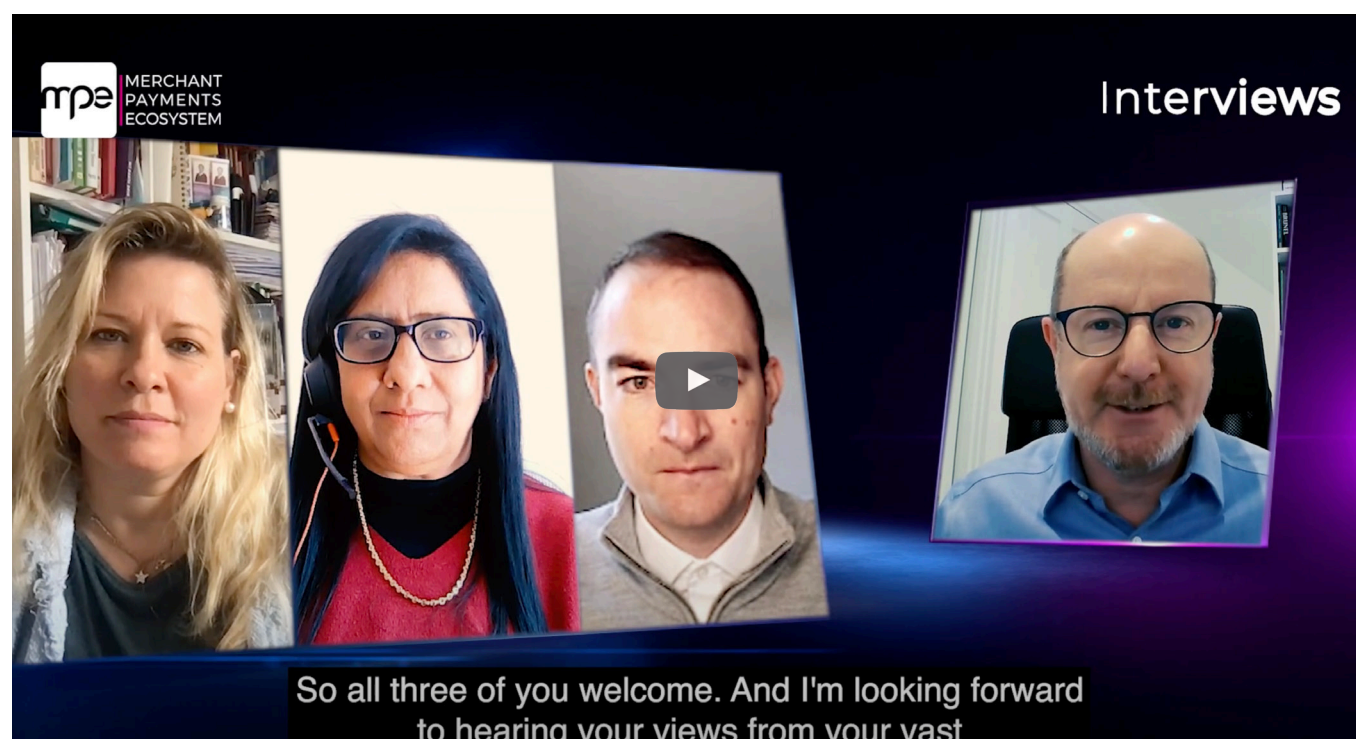
Nilixa Devlukia, Member of the European Central Bank Digital Euro Market Advisory Group, ECB:

“It is vital for merchants to know what is coming down the track. SCA hugely impacted merchants. It has been a harsh lesson learned for many merchants about not engaging and knowing enough about the regulatory agenda”.

Paul Adams, Head of Acquiring, Barclaycard Payments: “Monitoring external landscape in Merchant payments is not only important from the technological advances perspective but also policy and legislations that will impact it.”

Dr. Ruth Wandhöfer, Chair PSR Panel, Payment Systems Regulator

“The European Commission website is essential regarding the European side of policy developments. They are the first ones drafting an idea and then going into the Brussels sausage machine, as I call it”.



VIDEO Interview: Focus on Open Banking & VRP

Open Banking is exploding globally, and Variable Recurring Payment (VRP) is the first step toward Open Finance and the Open Banking World.

The UK market is seen as a leader in Open Banking Infrastructure.

Right now, the UK Competition and Markets Authority (CMA) requires the UK's big nine banks to build their VRP API for sweeping by July 2022, enabling consumers to apply VRPs when making me-to-me payments.

MPE 2022 conference brings you the "Video Interview" with Merchant Payments Ecosystem Leaders & Influencers exploring the first lessons from VRPs rollout in the UK.

David Parker, CEO of Polymath Consulting, interviewed: **Hakan Eroglu, Global Open Data & Open Banking Lead for Data & Services, Mastercard** and **Alexandra Bloomfield, Payments Industry Specialist, BT Group**



to get their perspectives on **developments in VRPs and Open Banking in the UK**

- What are the lessons learned from VRP rollout and implementation so far?
- What needs to be done to improve the customer experience and take up?
- How are we going to get consumers to feel secure and safe?
- And if there is a need for VRP's guarantee service?

Bursting Bubbles in Merchant Payments

MPE Team interviewed the MPE 2022 conference moderators, speakers and participants about:

- **BNPL BUBBLE**
- **PANDEMIC E-COMMERCE BUBBLE**
- **OPEN BANKING BUBBLE**



Achiya Fried Chief Commercial and Strategy Officer (CCO) Finaro, formerly Credorax

Can you introduce yourself and your background?

I'm Achiya Fried, Chief Commercial and Strategy Officer (CCO) at Finaro, formerly Credorax. I lead on Finaro's on market growth strategy, while heading up the business development, commercial and marketing teams.

I have more than 25 years' experience in acquiring, e-commerce and sales and marketing across the cards and payments sector, including positions at Israel Credit Cards, AIG, and Ha'aretz as Executive Vice President of Payment Services and Vice President of Marketing respectively. I was also CEO of Diners Club Israel, fully responsible for all of Diners Club activities in Israel and member of Diners Global Marketing Advisory Board.

Can you introduce your company and its activities?

Finaro is a global cross-border payment provider and fully licensed bank empowering international commerce through brilliantly simple payments. Our passionate team, exceptional tech capabilities, product innovation, and customer-centric approach enables us to simplify complexity and create multidimensional solutions that generate growth and enable peace of mind for our merchants.

We are talking to each other in the context of the MPE. Is this your first participation? What is the added value you are looking to find at MPE?

I've been attending MPE since it was called the Acquirers Forum in Barcelona, back in 2005. Ever since I started my career in payments, I've been attending this conference and when I was EVP at ICC Cal, I was invited to present the Micro-Merchant Case Study in the Israeli market, which was a project I had successfully launched half a year prior.

MPE has become such an influential event in the global payment industry calendar, packed with insightful presentations and data, and it's a chance to really take the pulse of the merchant-facing payment industry. It's great to see the payments influencers, as well as so many innovations showcased here, and to explore how companies like Finaro can better serve merchants with tailored payment solutions that meet their needs.

Why would you recommend payment professionals to attend MPE 2022?

After in-person events were shut down by COVID over the last two years, everyone is thrilled to experience the buzz of in-person networking again. Nothing can replace the value of face-to-face meetings and real-life connections, and it's great to be here and be able to track current market trends, learn from industry leaders, and discuss topics close to the hearts of our clients and partners.

What topics are in the MPE 2022 agenda close to your heart?

What's so great about MPE is that every agenda topic is relevant to anyone who wants to find out where payments are headed and how they are evolving. For Finaro especially, discussions around digital transformation, payments optimization strategies and ecommerce trends are closely aligned with some of our core services, but it's incredibly useful to hear what's going on in terms of regulation, digital currencies and pan-European payment schemes.

On a personal note, I'm also really looking forward to being a part of the Judging Panel at the MPE Innovation Hub – it's exciting to see all the new concepts out there and the future of payments coming to life.

Do you advise merchants to digitalize their business? Why?

It's an absolute must. Shoppers are just as comfortable ordering products online from a retailer halfway across the world as they are ordering domestically, and with cross-border ecommerce set to account for 38% of all ecommerce transactions globally by 2023, continued growth can only come from allowing customers to pay in their local currency, and through their preferred payment method.

Wherever in the world a customer is, the ability to pay in the payment method they know and trust significantly improves the likelihood that they'll convert. As customers go further outside of their own borders and technology gets more complex, it's critical to have a simplified payment experience with people-focused and intuitive customer service. A trusted partner that can design pioneering payment solutions and optimize all aspects of the checkout journey will help them do just that.

What solutions may support your clients in connected commerce?

Finaro is committed to empowering merchants with the most advanced payment acceptance, acquiring and data analytics strengths in the marketplace. With Finaro, merchants can capitalize on all the possibilities of global ecommerce, free from any geographical, technological and physical limitations. In this way, Finaro is ushering in a new era of multidimensional, untethered commerce.

Our gateway technology, Source, has been developed in-house to provide a streamlined payment experience so smart and secure, that merchants can reach their full business potential simply by better managing their payments. Finaro ensures merchants can accept nearly 200 hundred cards and local payment methods and get paid in their currency of choice. Our merchants also enjoy best-in-class approval rate optimization, advanced anti-fraud protection, business intelligence and a host of other value-added services and products adding up to a payments experience unlike any other.

What are the elements to consider for an online store wishing to expand internationally?

The two things that will influence today's shoppers to go from browsing to buying are speed and convenience. The smoother and easier you can make a shopper's payment journey, the more likely customers are to buy and become repeat customers too. Shoppers are spoilt for choice, and while it's easy for people to find what they want online, only merchants that make the checkout experience frictionless and hassle-free will make the sale.

It may sound simple, but merchants need to speak in their customer's language, especially during the checkout process. Conversions skyrocket when consumers can easily see their preferred payment methods, with basket items in their own language, and prices in their local currency. It's also important to remember that the customer journey lasts longer than the purchase itself. The post-checkout-experience is equally important, for example the invoicing, transaction confirmation email, shipment tracking, packaging, and ongoing customer service are all part of the experience.

What payment trends will shake up Merchant Payments in the next five years?

In 2021, over 2.14 billion people worldwide bought goods and services online worth \$4.9 trillion, driven by the speed and convenience of digital payments. Now, consumers are enjoying those same benefits in their mobile shopping experiences too - retail mobile commerce sales reached an impressive \$359.3 billion in 2021, a 15% increase from 2020.

But merchants shouldn't think that in-store shopping doesn't matter as much to shoppers any more, because it's a huge part of the rapidly evolving world of multi-dimensional commerce. It's meshing digital and physical payments together to give consumers even more speed and convenience, whether paying in-store or buying online.

New payment technologies, like crypto, BNPL, tokenization and biometrics are bringing even more seamless, speed and convenience to shoppers' payment journeys, and customers are buying on even more platforms and devices than ever before. Merchants who don't prepare for it now will get left behind in the future.



Ahmad Saif CTO dejamobile

Can you introduce yourself and your background?

I'm Ahmad Saif. I've obtained my Master of Science degree at Georgia Tech in Atlanta and started my professional career at Orange Labs. I've cofounded dejamobile in 2012 and am the CTO since then.

Can you introduce your company and its activities?

Dejamobile is a Fintech specialized in white-label digital payment solutions relying on NFC and contactless technologies and addressing both the payment issuing and acceptance industries.

We are talking to each other in the context of the MPE. Is this your first participation? What is the added value you are looking to find at MPE?

This 2022 MPE edition will be the first for dejamobile as exhibitor. We have been sponsoring the 2021 virtual edition of the event and have appreciated the quality of content and attendance. We are very much looking forward to meeting with the whole MPE community in person.

Why would you recommend payment professionals to attend MPE 2022?

We would recommend anyone involved in the payment acceptance industry to participate in the MPE event as this is a unique occasion to meet both with financial institutions and merchants across Europe.

What topics are in the MPE 2022 agenda close to your heart?

I'm looking forward to knowing more about the digital solutions proposed to the merchants both for in store and online use cases. The Security and Fraud prevention

is also a hot topic driven by the increasing number of attacks that the western digital services are facing.

Do you advise merchants to digitalize their business? Why?

I believe that we're currently beyond this question. The question is not whether to digitize their business or not but rather how to do it. It is important that the merchant chooses the digital solutions that fits the best their organization, improve their processes and improve their user's experience. This is the secret recipe for growth.

What payment trends will shake up Merchant Payments in the next five years?

I believe that the instore payment solutions duopoly owned by Ingenico and Verifone are being challenged by a major disruption in the market. The recent authorization by PCI to deploy software-only solutions accepting Visa, Mastercard and other major EMV schemes transactions allows the merchants to completely review their digital strategy. Moreover, the concurrence of software POS payment solutions and the rich Android APIs opens widely the door to innovative use cases in a domain that suffered regulatory restrictions for decades.

What shopping trends & habits emerged over the last two years and are here to stay?

The pandemic has encouraged a part of the population to move to digital solutions and online shopping. It has created a new market segment that was barely accessible to online stores.

BNPL has become one of the fastest-growing retail and payment trends in 2022. Is BNPL Bubble going to burst?

The inflation and the logistics chains disorganization provoke new needs. BNPL solves the need at a short term of liquidity when the product is available. As long as these two realities persist in our markets, BNPL is going to grow.

Many countries are actively looking at passing the regulation at BNPL: What impact do you think it may have?



What facts are essential for merchants when selecting their BNPL payment provider?

The BNPL shall maximize the acceptance and minimize the risk. Easy to say but difficult to achieve. The merchants shall base their selection on their market needs and solution performance.

Uriah Mitz
Customer Success
Manager
Anodot

Can you introduce yourself and your background?

Uriah Mitz is a Customer Success Manager at Anodot with 6 years of experience implementing and designing Data Analytics and AI in the Fintech space.

Can you introduce your company and its activities?

Anodot is a business monitoring company. Among other verticals, we support financial institutions, and merchants in their payment Monitoring operations and help protect revenue, reduce costs and improve the customer experience with autonomous payment monitoring

We are talking to each other in the context of the MPE. Is this your first participation? What is the added value you are looking to find at MPE?

It is my first participation and I am looking to engage in conversations about monitoring user funnel, experience and payments. and to see how Anodot can support merchants in their business monitoring.

Why would you recommend payment professionals

to attend MPE 2022?

You have everything you wanted to know about payments operations within the retail and services world, all in one place, and have the option to learn and share new technologies in that space.

What topics are in the MPE 2022 agenda close to your heart?

Data, insights, analytics and the use of AI and ML in payments and UX monitoring.

Do you advise merchants to digitalize their business? Why?

Yes. Digitized businesses have the option to collect and use data that will help them increase and protect revenue, and to optimize their business operations.

What solutions may support your clients in connected commerce?

We are the solution that can protect clients in ecom-

merce.

What are the elements to consider for an online store wishing to expand internationally?

All the solutions and technologies are out there. You just need to learn how to choose the right service provider to support your expansion, whether its logistics and fulfillment, payments, marketing or any other supporting service. No one can do everything, and no one knows ev-



everything about all markets. Go local and you would enjoy the benefits of local expertise.

What payment trends will shake up Merchant Payments in the next five years?

Autonomous data and AI analytics and monitoring, business actions and insights using AI, Acceptance rates optimization and payments commodity.

Cayleigh Palen Strategic Partner Manager Reach

Can you introduce yourself and your background?

My name is Cayleigh Palen and I have worked in the global e-commerce space specifically for almost six years. Initially bringing a large European payments company to the US and specializing in Local Payment Methods to make cross-border e-commerce a scalable reality for merchants and other enterprise players in the industry. Now, I help lead strategic partnerships at Reach for global e-commerce players to bring less complexity and easy accessibility to cross-border transactions. Helping make e-commerce truly global.

Can you introduce your company and its activities?

Yes! I have recently joined Reach as a Strategic Partner Manager. Reach is one of the payments industry's best kept secrets, but we are making serious waves and have made some amazing announcements recently. Including raising \$30m CAD in March 2022.

Reach is the only fully pre-built cross-border checkout technology. Reach partners with retail brands, SaaS companies, platforms and enterprise payment players looking to connect with shoppers around the world, increas-

ing global sales. Reach is a true differentiator in its ability to process global payment transactions wherever a customer is based. Reach solves numerous blockers when entering international markets by using our global Merchant of Record model to give instant access to key markets and achieve the highest possible conversion rates with our dynamic routing.

How do you foresee the e-Commerce Growth? Is it a Bubble that will Burst in due course?

The last few years have turned a lot of industries on their head, but very few saw the large impact that global e-commerce has had. The reason I believe the bubble is here to stay is the growth it's still seeing despite the difference between now and the beginning of 2020. Initially people were sheltered inside for the most part at the beginning of the pandemic. This caused two things to happen 1. The easiest and, at the time, safest way to get everyday goods was through some sort of e-commerce platform and 2. Money was being injected into the economy and consumer pockets to keep things running during the pandemic. Fast forward to now and two years later things are drastically different than the beginning of 2020, we know more and we do more - yet the e-commerce trends over

the last year remain.

What shopping trends & habits emerged over the last two years and are here to stay?

This question really requires us to change our view on what e-commerce is. Some of us continue to imagine ordering an item online, waiting a determined shipping time, receiving the order and that's it. The line between an in person transaction and an e-commerce transaction are more blurred than ever. The pandemic made this even more fuzzy. Grocery shopping became an e-commerce experience, ordering my groceries online, paying for them online and then showing up to the store to pick them up. DoorDash, Uber, Instacart are all powered by an e-commerce platform and require the infrastructure of an e-commerce store. Generations who had once resisted this digital trend were now forced to adopt it during the pandemic, and it has become the norm for even the latest adopters.

Has your company invested in a digital-first shopping experience that's seamless, efficient, convenient, and personalized?

Reach is always evolving, our primary goal is, and has always been, to make global e-commerce personalized and accessible on a global scale. This includes access to local payments, local currencies, and local acquiring - which is the core of Reach. We continue to make sure that we stay ahead of the curve and industry by constantly investing and updating the digital first shopper experience. One of our latest additions to Reach is our low-code Drop-In integration, which allows our partners to see less tech strain on their resources and get to market faster.

How did you expand your payment options to meet customer preferences for digital payments, both con-

tactless in-store and flexible choices online?

Reach focuses solely on e-commerce and online payments. Before the pandemic Reach was advocating and solving for customer preferences around the world. Accessibility is one of Reach's main missions, and we have global market coverage for those merchants looking to sell and scale globally. We know that credit cards are important but we also recognize the customer preference for their own preferred local payment methods. We have spent years building a global entity infrastructure and local payment connectivity that includes both credit card brands and local payment methods.

What do you foresee as trends shaping the post-pandemic world in 2022?

I think we are yet to see the full impact the last few years will have. The e-commerce infrastructure is now built up to such a level that it is accessible to even the smallest of merchants. This is great for the industry and will drive more and more shops online. As the supply chain issues get worked out over the next few years we will also see more fulfillment and more shoppers coming online.

I think in the next five to ten years there will be very little that consumers buy that won't include some type of e-commerce touchpoint. Right now we can buy groceries, takeout, household goods, furniture, cars and so much more online. We have seen shopping malls and physical retail stores suffer, only to pivot and include digital and online stores that garner success.

The space will become more competitive and more crowded so having partners in the space, like Reach, that can tailor a truly differentiated product will see success and foster the space into continued growth.

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David Parker CEO Polymath Consulting

Can you introduce yourself and your background?

David is the founder and CEO of Polymath Consulting who work on projects and advise organisations across the Cards & Payments industry. He is an active mentor, NED and advisor to boards including: 3S Money, Lifetidy, Nymcard, Cinnte, Swiipr, Edfundo, Cinnte along with others. He is also the co-founder of Konsentus that does TPP regulatory and identity checking for PSD2 open banking. In consultancy he has worked across the complete value chain helping banks with their overall E-Money/Prepaid and Emerging Payments strategy right through to market entry analysis; as well as working with telcos, processors and programme managers on segment analysis, certification and membership applications.

Geographically his client assignments have covered Russia, South Africa, Middle East, Europe and Asia; in reality clients have come from all continents other than Antarctica. He is an active contributor to forums on LinkedIn and a regular media commentator on the future of e-money/emerging payments. He chairs conferences and events from Mumbai to Moscow; Las Vegas to London and Johannesburg/Nairobi in Africa to Colombo/Sri Lanka.

We are talking to each other in the context of the MPE. Is this your first participation?

No

What is the added value you are looking to find at MPE?

Understand the latest trends and innovations in the Merchant Payment Ecosystem.

Why would you recommend payment professionals to attend MPE 2022?

The event for Merchants and companies looking to understand the latest trends in Merchant payments.

What topics are in the MPE 2022 agenda close to your heart?

Open Banking
Fintechs

How do you foresee the e-Commerce Growth? Is it a Bubble that will Burst in due course?

Continue to grow as the world continues to move online to a 'Now' based virtual world.

What shopping trends & habits emerged over the last two years and are here to stay?

Move to online with Bricks and Mortar supporting online as opposed to online supporting Bricks and Mortar.

BNPL has become one of the fastest-growing retail and payment trends in 2022. Is BNPL Bubble going to burst?

Yes it will become regulated as any other lending product is with affordability checks.

Many countries are actively looking at passing the regulation at BNPL: What impact do you think it may have?

It will force BNPL to become a pre-approved structure with affordability checks. This will remove the impulse aspect of it as well as bringing it into line with other lending products.

What facts are essential for merchants when selecting their BNPL payment provider? How does BNPL drives additional value for merchants in the segments/ Markets you operate?

Increases sales

How do you see the next evolvments in BNPL?

Full regulated more like a membership club i.e. you are pre approved on the Klarna BNPL service for X among of BNPL over the next 3 months to spend at any of their merchants. This would mean once pre approved consumers will shot at a PSP's merchants were they are pre-approved as opposed to the general market.

Valuations in the open banking space are soaring far beyond revenues. What are investors betting on?

Accenture reported way back OB would take up to 30% of card volume, it is no where near that yet but is growing at a huge rate, further the use cases of AISP are growing and with VRP coming in the volumes will continue to grow

What are the lessons learned from VRP rollout and implementation in UK and Europe so far?

It needs to be faster and more comprehensive in what it covers.

Open Banking Uptake: What needs to be done to improve the customer experience and take up?

Better propositions and full VRP roll out

How will we get consumers to feel secure and safe?

They already do



Fredric Hellsten
Manager Strategic
Payments Projects
LeoVegas Group

Can you introduce yourself and your background?

My name is Fredric Hellsten and I have an extensive background in the financial sector of which 8 years in the payment area. I have been fortunated to experience large organisations and start-ups in companies like Nordea, Visa, M (from the Volvo Group) and Scania. I have had the opportunity to be part of starting and building from scratch when it comes to teams, groups and organisations. I believe in building trust, create strong teams, that you should love your work, communicate openly, take responsibility and to work hard. I am currently holding the role as Manager strategic Payments Projects where I am a part of the Payments department management team. Much of my time goes into looking at the future of pay-

ments in the name of LeoVegas Payment department

Can you introduce your company and its activities?

LeoVegas is the premier GameTech company and is at the forefront of using state-of-the-art technology for mobile gaming, we are the King of Casino. Our strategy from the start has been "Mobile First", which means that product and technology development for all of the brands are focused on mobile devices and product innovation. LeoVegas Mobile Gaming Group operates several scalable and global brands and each brand have their own tone, but all convey a sense of fun that permeates the entire customer interaction. What the brands all share in common is that they are targeted at customers who view their gaming as

entertainment.

We are talking to each other in the context of the MPE. Is this your first participation?

This is the first time I am attending the MPE.

What is the added value you are looking to find at MPE?

LeoVegas is a company in the iGaming industry, and we tend to attend iGaming centred fairs. Attending events like MPE could help us breaking out from that pattern and make us see and discover things and companies we might not come across normally.

Why would you recommend payment professionals to attend MPE 2022?

As I have not yet attended MPE I have a hard time recommending it.

What topics are in the MPE 2022 agenda close to your heart?

Open Banking, Digital Currencies & Cryptocurrency, security & Fraud Prevention.

What do you think about the BNPL and its future?

N/A as LeoVegas is not an ecommerce company. My personal opinion looking at Buy Now pay Later solution is that it is a good solution when used in the right way. In Sweden there is a saying that you should never buy anything with money you don't have. It comes from the old days when it was considered to borrow money. While there is a good point in this, however lending money can be a good thing if one can handle it. Offering BNPL solutions should come hand in hand with good insights from the individual's economy. With that I don't mean that the individual has a lot of money to pay back, there should be a payment behaviour that is healthy and cater for being able to pay back the money. As a summary it is a good solution when used in the right way.

**Open Banking Hype Bubble in Europe
Valuations in the open banking space are soaring far beyond revenues. What are investors betting on?**

It is hard to say exactly what investors are betting for. My guess it is that open banking as a payment method is gaining more and more business from other payment solutions. Hence, the area is growing and start being a larger part of total payment transactions. The use cases for how to use open banking are also growing and with

that the potential to gain more revenue in open banking.

What are the lessons learned from VRP rollout and implementation in UK and Europe so far?

It is still early days looking at VRG but as it contributes a lot to convenience, control and security it is something that can create a winner and most probably take out Direct Debit and CPA. I don't know if there are any lessons learned as this open banking initiative has yet not been fully implemented. What is needed is that all banks offer it and all third-party providers (TPPs) to offer it to their payment service users. These agreements need to include a competitive price and who is liable if something goes wrong.

Open Banking Uptake: What needs to be done to improve the customer experience and take up?

Collaboration is crucial when it comes to open banking. There needs to be agreements between TPPs and banks, that is the foundation going forward to an improved customer experience

How will we get consumers to feel secure and safe?

This is a hard nut to crack and is always in development going forward. With that said: education is key. Educating consumers about open banking will be one of the corner stones for consumers to feel secure and safe.



Peter Theunis

Head of Payments

EMEA

Endava

Can you introduce yourself and your background?

I am a leader and strategist with over 25 years of experience in payments, fintech, and digital banking. A facilitator and builder of world-class technology management and product development teams, he specialises in both start-up and scaled growth stages and is a trusted partner for clients in Europe, APAC, the Middle East, and the US. Before joining Endava, Peter held senior leadership roles in internationally recognised fintech organisations like BPC Banking Technologies, Tas Group, Clear2pay, Integri and was co-founder and co-CEO of a Radar Payments, a leading white-label payment processing provider. Besides work, and family commitments permitting, Peter enjoys a round of golf, travelling, hiking, and mountain biking in the Swiss mountains.

Can you introduce your company and its activities?

Endava is a global provider of digital transformation, agile development and intelligent automation services. Our agile, multi-disciplinary teams provide a combination of Product & Technology Strategies, Intelligent Experiences, and World Class Engineering to help our clients become more engaging, responsive, and efficient. Endava's Payments footprint covers the UK, Europe and the US, focusing on helping clients build, integrate and support next generation payment platforms to keep up with the fast-paced nature and ever-adapting digital world of payments.

We are talking to each other in the context of the MPE. Is this your first participation? What is the added value you are looking to find at MPE?

Merchant Payments Ecosystem is one of events I prioritize every year, having both attended and participated as a speaker in the past. I'm looking forward to speaking at this year's event about transaction productivity and payments optimization strategies – essentially the changing

role of merchant acquirers.

Why would you recommend payment professionals to attend MPE 2022?

In comparison to other large-scale events, MPE has a specific industry focus that allows for in-depth networking, targeted payments insight and a program that caters to the entire aspect of e-commerce experiences – from back-end to customer-facing solutions. Payments acceptance is the foundation for merchant innovation and as payment strategist, it's my responsibility to bring these ideas to market.

What topics are in the MPE 2022 agenda close to your heart?

I am mainly interested in the innovation in acquiring topics and orchestration strategies of merchants.

How do you foresee the e-Commerce Growth? Is it a Bubble that will Burst in due course?

Prior to Covid, e-commerce had a sustainable, yet short-term strategy that catered to a specific consumer demographic. While there was consistent double-digit growth, the necessary investment of payments innovation required to meet consumer demand was very different in comparison to where we are today. The overall paradigm shift in the past two years has tremendously impacted not only purchasing methods and payment types, but business models. The level of innovation merchants were required to implement fundamentally changed their business structures and emphasized that they no longer can wait for external forces to shape innovation, but they have to be ready to shift the direction of payment advancement at a moment's notice. Moving forward, a merchant's life span will ultimately be determined by the prioritization and level of investment in payment innova-

tion.

What shopping trends & habits emerged over the last two years and are here to stay?

- Growth of marketplaces
- A2A payments
- Optimization payment processes through payment orchestration

What do you foresee as trends shaping the post-pandemic world in 2022?

- The next five years will see currency become more digitised and will likely experience increased support from fintechs, governments, and regulators.
- By integrating A2A payments with Open Banking APIs and multi-factor authentication, businesses can guarantee a frictionless payment experience and directly benefit from decreased fraud and refunds losses without impacting the customer's checkout experience.
- Instead of uniform account verification, there needs to be a more adaptive approach to managing the friction within customers experience based on highly specific segmentation parameters

BNPL has become one of the fastest-growing retail and payment trends in 2022. Is BNPL Bubble going to burst?

BNPL has largely been driven by consumer appeal, easy availability and the promise of no interest and no fees. It is popular across all demographics for different reasons but has especially gained traction among millennials and Gen Z consumers as a means of financial empowerment. For consumers, it provides an easily accessible method of borrowing, instant gratification, a flexible returns policy and the ability to manage finances by spreading the cost of purchases over an agreed period. Yes, regulation will curb over-spending as stronger credit risk and affordability checks are implemented, but consumers will continue to use BNPL because of the convenience it provides.

Many countries are actively looking at passing the regulation at BNPL: What impact do you think it may have?

As competition heats up and the market expands, it becomes even more critical that the industry is regulated and brought in line with other credit products. Regulation will protect consumers and position BNPL as a sustainable product with more transparency and greater checks for credit risk and affordability, bringing it on par with other credit products, such as credit cards. It will ensure that people are treated fairly and provided with clear information to ensure they can make informed

choices about whether they want to use the product. As a credit product, BNPL should be appropriately regulated to protect all users.

How does BNPL drive additional value for merchants in the segments/ Markets you operate?

Research and Markets' Global Buy Now Pay Later Market Report 2021 forecasts that BNPL spend will grow by 22.4% from 2021 to 2028, reaching over \$20 billion by 2028. In the UK, an FCA survey found that the total value of BNPL transactions in 2020 was £2.7 billion and is expected to grow rapidly by 2024. The BBC estimates that approximately 15 million adults in the UK are actively using BNPL, an increase of more than 2 million in 2021.

Looking at BNPL provider data, Afterpay found that retailers using their service had a 50 to 200% increase in basket size. Klarna and Affirm reported a 58% and 87% increase in average orders, respectively. Equifax estimates that BNPL users spend 51% more on clothes each month than online shoppers who pay up front. PayPal launched its BNPL service in October 2020 and in one year has processed over £2.5 billion in payments globally. The data paints a powerful picture.

How do you see the next evolvments in BNPL?

As the market becomes increasingly saturated with major banks, payment schemes and new entrants competing for market share, BNPL growth is extending across markets to banking, luxury retail, travel, hospitality, insurance, trading, healthcare, and the list is growing. Many global retailers are building their own in-house solutions with the aim of protecting their customer base and better controlling the services they provide. Others are forming partnerships or making acquisitions to build out their own services, such as Amazon's partnership with Affirm and Square's acquisition of AfterPay. As competition heats up and the market expands, it becomes even more critical that the industry is regulated and brought in line with other credit products.

Valuations in the open banking space are soaring far beyond revenues. What are investors betting on?

Investors look to the potential volume that can be achieved by replacing the international card schemes.

What are the lessons learned from VRP rollout and implementation in UK and Europe so far?

As banks look to secure their future relevance in the digital economy, Open Banking has become a key strategy for establishing credibility, developing a footprint in the data economy, and creating a steppingstone towards

new business models. The advancements in this space even have gone beyond CMA requirements for Variable Recurring Payments (VRP) with NatWest Group making made the UK's first-ever VRP for 'non-sweeping' use cases.

While the current requirements for VRPs only apply to sweeping, banks have a new opportunity to deepen their relationship with customers on multiple levels: improving value propositions and customers' lifetime value, enhancing relevancy and retention, and putting their brand back at the heart of their customers' payment experiences.

Open Banking Uptake: What needs to be done to improve the customer experience and take up?

An engaged Open Banking system and real-time payment rails have contributed to A2A payments evolving as

one of the preferred payment methods and are expected to contribute to a fifth of all e-commerce transactions in Europe by 2023. By integrating A2A payments with Open Banking APIs and multi-factor authentication, businesses can guarantee a frictionless payment experience and directly benefit from decreased fraud and refund losses without impacting the customer's checkout experience.

How will we get consumers to feel secure and safe?

Consumers want in first instance acceptance. Once this is in place then they want convenience of using the open banking payment method. Consumers will only think about security and safety when things go wrong so it is up to the open banking players to make sure that all security measures are in place and issues are avoided.



Catherine Malec
General Manager
ACCERTIFY EMEA

Can you introduce yourself and your company?

Accertify is a keynote speaker in the Fraud Prevention stream on Wednesday, 6 July at 1:15pm, "The new Face of Fraud" as well as a panelist in session 4, "The PSD2/SCA is more relevant than ever".

I joined Accertify 3 years ago and prior to that worked in American Express for 12 years where I worked with issuers and acquirers across Europe and Sub-Saharan Africa.

Accertify is one of the leading ecommerce fraud prevention providers globally – we started more than a decade ago providing post-auth fraud prevention solutions for ecommerce transactions. Accertify have evolved and now provide fraud prevention solutions across the entire customer journey, whether it's identifying account take-

over attacks, authenticating customers for the first time, facilitating payments for SCA or even providing a platform to process disputes and chargebacks. Our range of capabilities including award-winning machine learning, device authentication and a robust data pool allow us to provide a range of services to our customers.

We are talking to each other in the context of the MPE. Is this your first participation?

This is my first in-person participation at MPE. I have joined the last couple of years virtually so I'm really looking forward to being there and seeing and meeting everyone in person. MPE is great as it brings players from all parts of the value chain together, so you can understand what is happening across the industry and how it all fits together.

What topics are in the MPE 2022 agenda close to your heart?

From a 'today' perspective, I'm particularly interested to hear updates about frictionless payments and learnings from merchants and solution providers and from a 'tomorrow' perspective, I'm looking forward to the crypto and future trends session.

How do you foresee the e-Commerce Growth? Is it a Bubble that will Burst in due course?

I think that there has definitely been a bubble during the pandemic as we can see the proportion of ecommerce has decreased for 'omnichannel' merchants as their customers are going back into store. However, overall, the pandemic has accelerated the drive to ecommerce by bringing in new customers and accelerating merchant developments and that larger trend is here to stay.

There are a few key trends to highlight in the post-pandemic world of 2022.

Firstly, loyalty accounts that have lain dormant are a sitting target for fraudsters. An effect of the pandemic has seen an increase in both the number of accrued loyalty points and accounts not regularly accessed thanks to travel restrictions and these dormant accounts have unfortunately become a prime target for fraudsters. With more than \$48 trillion of unspent loyalty points¹ globally, loyalty fraud is certainly an area that deserves attention.

Secondly, the implementation of PSD2 increased payment friction and lead to a rise in alternative payments according to an Accertify and Arizent Research survey² The survey found that 37% of merchants surveyed revealed sales had decreased due to SCA enforcement, with added customer checkout friction (41%) and increased cart abandonment rates (38%). This card payment authentication friction, thanks to PSD2 could well lead to a rise in alternative payment methods to convert sales. And with every increased payment method, comes a whole new raft of ways to commit online fraud.

Thirdly non-fungible tokens ("NFTs") and the metaverse potentially cause chaos for inexperienced investors as NFTs become more mainstream, unaddressed vulnerabilities could well allow fraudsters to prosper. Criminals can take advantage of a lack of experience and education from investors who aren't taking the necessary precautions before investing into the latest trend.

BNPL has become one of the fastest-growing retail and payment trends in 2022. Is BNPL Bubble going to burst?

Buy-now, pay-later options are on the rise and research³ from NerdWallet suggests that the service outpaced personal loans last year and many larger companies are making the move into this form of payment. However, regulatory scrutiny should provide greater transparency for customers, with a means to dispute a transaction should something adverse occur. Equally, merchants are likely to be able to get more insight and increased ability to discern risk and prevent fraud.

Gartner anticipates privacy laws could serve to protect fraudsters and Gartner predicts⁴ that by the end of 2023 modern privacy laws will cover the personal information of 75% of the world's consumers. On one level this is great news for consumers, but it could mean it will become increasingly harder to track and access fraudsters' data.

Open Banking Hype Bubble in Europe. Open Banking Uptake: What needs to be done to improve the customer experience and take up?

Open Banking Uptake: With many different brands of providers, it's hard for customers to understand whether they should choose one provider or another and who to trust, so brand reputation is going to be important. In addition, there are still some payment processes that need to be resolved (e.g., disputes & chargebacks) so that customers can feel that making the switch from a well-known card transaction process to an open banking process will not impact them.



Isavella Frangou VP, Sales and Marketing payabl.

Can you introduce yourself and your background?

Hi! My name is Isavella Frangou, and I'm the VP, Sales and Marketing at payabl. I'm a specialist in online payments, fintech and finance, working closely with e-commerce merchants to help them optimize their payments functionality.

I've been with payabl., a licensed payments institution and principal member of Visa and Mastercard, for the last 9 years. Before joining payabl., I held commercial roles in financial services industry companies, including American Express.

Can you introduce your company and its activities?

We are payabl., a paytech expert empowering merchants to take, make and manage payments globally. Our full solution stack includes card acquiring, alternative payment methods, payment accounts and prepaid cards.

Established in 2011 and fully regulated as a payments institution and acquirer, we serve online businesses across Europe and the UK, through our regional offices in Germany, Cyprus, and the UK.

We are talking to each other in the context of the MPE. Is this your first participation? What is the added value you are looking to find at MPE?

We attended MPE remotely last year, so this is the first time that we're attending, sponsoring, and speaking at MPE in person – and we're thrilled that we will be there!

At the event, we hope to have interesting interactions with our merchants, partners, as well as potential clients. We're looking forward to delving into the latest payment trends and explaining how they may impact various busi-

nesses, and discussing practical solutions to issues commonly faced by online brands.

Why would you recommend payment professionals to attend MPE 2022?

We'd like to encourage payment professionals from all areas of the industry to attend the event and participate in the interesting discussions that will be had there.

These events offer a great opportunity to contribute to the wider sharing of information between payment and merchant players allow us to really see how we can collectively move the payments space forward – and better support our merchants' success, which is our ultimate goal.

What topics are in the MPE 2022 agenda close to your heart?

For us, all things acquiring, payment processing, e-commerce and fraud prevention are the top-of-mind. We anticipate that the panel discussions will shed light on how different companies are navigating the changing landscape and meeting their needs in these key areas.

What are the elements to consider for an online store wishing to expand internationally?

Merchants need to explore the shopping and payments trends that their target markets are experiencing, as consumers' preferences vary drastically in each region. These may include price sensitivity, product availability, delivery preferences, sensitivity towards sustainability, and more, which may all have been temporarily impacted by the pandemic. These insights should shape merchants' market entrance strategy and impact how they promote their competitive differentiators to gain ground on local

competitors.

We facilitate global payments for merchants that are looking to expand internationally, thanks to our comprehensive payments portfolio, which includes alternative payment methods. We offer the tools needed by merchants in order to successfully execute their localization strategy, by offering customers the choice to pay in their preferred local payment method at checkout, and not just with a credit or a debit card. By offering the most popular alternative payment methods that appeal to cross-border shoppers, businesses that are targeting customers globally and aiming to convert more browsers to buyers.

What payment trends will shake up Merchant Payments in the next five years?

Merchant payments will increasingly be affected by the need to reduce payment complexity for the consumer, particularly as global e-commerce grows and user experience expectations increase as a result. Payment orchestration is becoming a necessity.

Online businesses will need to improve the consistency and smoothness of payment processing. Reducing the number of steps within the payment process can contribute to this. Payment optimization, routing, and tokenization are all trends that will continue to shake up the way merchant payments work going forward.

Finally, diversifying the payment options offered at checkout will greatly support merchants in moving closer towards consumer expectations. Options should include open banking, digital wallets, as well as alternative payment methods, all of which will continue to grow exponentially in adoption in the coming years.

How do you foresee the e-Commerce Growth? Is it a Bubble that will Burst in due course?

I do not consider the incredible growth we have seen in e-commerce to be a bubble. On the contrary, several industry reports predict that e-commerce will continue to make up a progressively bigger portion of retail shopping over the next decade. As online retail sales grow, the e-commerce ecosystem will further evolve to serve this channel.

What shopping trends & habits emerged over the last two years and are here to stay?

Cross-border trade has grown in the last two years and continues to do so. Global cross-border payment flows are expected to reach USD 156 trillion by the end of 2022. This huge growth is being driven by consumers' and busi-

nesses' boosted appetite for digital payments because of the pandemic.

Digital wallets have become, and will remain, among the top frictionless payment methods that consumers are comfortable with. Globally, around 12% of consumers use digital wallet apps regularly while shopping, but it's expected that this method will surpass the use of credit cards and cash as soon as next year.

Merchants are in the process of responding to this market trend to benefit from meeting their consumers' preferences. Here at payabl, we recently announced the addition of the three global leaders in the digital wallet space to our offering – Apple Pay, Google Pay and PayPal. Through one seamless integration, our merchants can now implement these payment methods on their websites' checkout pages and experience higher conversions, lower cart abandonment, and a smoother user experience.

Open Banking Uptake: What needs to be done to improve the customer experience and take up?

What we are experiencing over the last couple of years is accelerated adaptation of open banking, both by merchants and end consumers. Merchants are attracted by the fact that chargeback risk is significantly reduced by open banking, as well as the fact that real-time payments and confirmations are improving conversions. Consumers, on the other hand, enjoy the convenience of seamlessly and quickly being redirected to their bank to make instant payments, making their purchase process very efficient.

In order for the adaptation of open banking by consumers to continue to gain traction, there are a few areas in the open banking landscape that need to be improved. Consumer protection is not yet well defined in open banking, and the process of disputing transactions is not at all clear, making both consumers and merchants reluctant when it comes to opting for open banking. What is imperative going forward is making consumer protection processes around open banking much clearer. Also, given that open banking is a relatively new payment method, consumer education as to what open banking as a payment option is, and how it works, will be very important. Trust must also be fostered amongst consumers as far as the sharing of their data is concerned. Though open banking reduces the risk of chargebacks, it does not eliminate the risk of fraud, as data is transferred to multiple parties for the transaction to be completed. Finally, open banking providers need to continue to improve the customer journey during an open banking transaction, as a lot of times, it ends up in multiple re-directs, creating a negative user experience.



Kai Lindström VP of Payments SOK, Finland

Can you introduce yourself and your background?

I'm Kai Lindström, VP of Payments at SOK, Finland. I've been working with payments since 2004, first with issuing, but then from 2007 onwards, mostly with the merchant service side of things. In my "previous lives" I've been Head of Acquiring for OP Financial Group (Finland's largest financial group), Head of Payments for Neste (oil company) and the Head of Sales and Country Manager for Swedbank Pay (Nordic's largest acquirer).

Can you introduce your company and its activities?

SOK is a group-guiding entity of S Group, which is Finland's largest retail group. We operate also in Estonia. S Group is a co-operative group and its main business areas are grocery and supermarket trade, hotels & restaurants, traffic (fuel & ev charging), department stores and speciality shops and hardware trade (DIY stores). In addition to this, we've got car dealerships, flower shops, barbershops, an own bank (large Visa issuer in Finland) and even some funeral offices!

We are talking to each other in the context of the MPE. Is this your first participation?

What is the added value you are looking to find at MPE?
No, I've been to MPE for six or seven times and spoken twice on the stage so the MPE is very familiar to me. As always, I'll be looking for new ideas, innovations in the payments space and of course new potential business partners.

Why would you recommend payment professionals to attend MPE 2022?

Yes, definitely – it's the place to be if you're into payments. And it's not just Europe, we've seen many visitors

from the American continents and APAC to participate the event during the past years.

What topics are in the MPE 2022 agenda close to your heart?

Payment acceptance and payment orchestration incl. omnichannel enablement are the most interesting to me this year.

What is your "go for" strategy to bridge physical and digital payments?

Currently we don't have support for omnichannel but as we're having a bid process ongoing for the payment services for the group, we're looking for a partner/partners who are able to provide us support in omni environment. We've been pondering over choosing an omni capable PSP or building a payment orchestration solution with two different PSPs under it. Currently it seems that we're going to go with a single PSP setup and thus avoiding extra complexity and cost.

What are the issues and challenges you must face with e-commerce payments?

We have several different kinds of e-com stores that have different requirements and limitations to payment methods. For example grocery orders cannot be charged at the time of the order as there can be products that need to be weighed and priced based on the weight at the time of collection. Therefore certain payment methods just cannot be offered which might cause confusion amongst the consumers.

At least in the Finnish market, some of the banks operating here have not done a very good job when it comes to SCA. This means that in our mobile apps, some of the pay-

ments fail because of faulty SCA processes by the banks. This is a clear and unfortunate issue what we ourselves cannot fix but we've tried to circumvent it by introducing Apple Pay payment option to bypass the SCA process altogether.

What solutions have helped you to deploy your payment strategies?

Well, we're in a midst of a change process, so maybe I'll answer to that question after we've chosen our new partners...

What do you think about the BNPL and its future?

It's a great option for the consumers, especially as long as the regulation is pretty much non-existent, thus giving the BNPL an upper hand compared to card payments when it comes to the user friendliness. However, the risk of fraudulent transactions is there as well as the thought that do you really want to help your customers to consume more than then can afford? That's especially important with groups like ours which is owned by its customers.

How do you foresee the e-Commerce Growth? Is it a Bubble that will Burst in due course?

e-Commerce is here to stay and the pandemic growth made the shift faster and larger. People who were forced to use web or app based purchasing during the pandemic have now found out how easy and convenient buying online is so they'll continue to use it more and more.

That said, there are also indications that people like to come back to the hypermarkets and shopping malls to spend time, do some shopping and visit cafés and restaurants with family & friends. So at least I hope that there's going to be some level of resurgence of brick-n-mortar...

What shopping trends & habits emerged over the last two years and are here to stay?

At least ordering groceries online and either picking them up or ordering them directly to home turned out very popular and continues to be so even after the pandemic.

Has your company invested in a digital-first shopping experience that's seamless, efficient, convenient, and personalized?

There's a lot of effort put into developing the e-com & mobile shopping to be better but it's going to take several years to be really sophisticated and seamless.

How did you expand your payment options to meet

customer preferences for digital payments, both contactless in-store and flexible choices online?

Our in-store contactless capabilities were on an excellent level already when the pandemic started so there were no worries about those. In the online channels our capabilities regarding the payment methods were on a good level but we for example added Apple Pay to our mobile fueling application to make it easier for the customer when they are able to skip the 3DS SCA process altogether.

What do you foresee as trends shaping the post-pandemic world in 2022?

E-commerce, especially when used via mobile devices, is continuing its giant leap forward as people who got used to purchase online during the pandemic, are continuing to do so even when the brick-n-mortar stores are open again.

BNPL has become one of the fastest-growing retail and payment trends in 2022. Is BNPL Bubble going to burst?

Depends on two things:

1. Will there be strict regulation with mandatory SCA
2. If the fraud levels (esp. identity fraud) increase and customers lose their faith in the safety of the payment method

That said, I think BNPL is here to stay and offers convenient way to buy for many, and especially to younger generations of consumers.

Many countries are actively looking at passing the regulation at BNPL: What impact do you think It may have?

If the user experience – which for now is superior to regulated card payments – is going to suffer, making it more cumbersome to do the payment, then I think the popularity of the payment method might decrease. On the other hand, having to do a SCA might increase the trustworthiness of the BNPL amongst more wary consumers.

What facts are essential for merchants when selecting their BNPL payment provider?

Features of the service, excellent UI design and capability to integrate easily to the web shop platform. Of course also pricing towards the merchant but also the price levels for the consumers (you don't want to rip off your customers if they cannot pay in full within the initial payment period).

How does BNPL drives additional value for merchants in the segments/ Markets you operate?

Nobody in their right mind buys food or fuel with BNPL but when shopping for a new washing machine or a bike, to be able to do it with BNPL is a big bonus for the consumer. Being able to divide, say, 1000€ in four instalments, is quite nice compared to having to have it immediately or having just 30 days of payment period. So the BNPL payment option will increase the sales as people who wouldn't do the purchase otherwise, will also buy items/services and the payment method could increase the average transaction values as well.

How do you see the next evolvments in BNPL?

There could be more control for the consumers, meaning more visibility and flexibility to manage their debts.

Most probably there will be more regulation, perhaps also by merchants. This could mean that the merchant could check before accepting the BNPL payment if and how much the prospective customer has outstanding debt and if she has any overdue payments. If there is misusage reported, the merchant could suspend the BNPL payment option. However, there's quite a pressure to do so as the merchant would like to get the deal done.

Valuations in the open banking space are soaring far beyond revenues. What are investors betting on?

I assume they're expecting a widespread take-on by merchants if/when the merchant service charges are clearly lower than with debit & credit cards. So the wish is that Open Banking would replace card usage and of course the investors hope that this shift would be considerable. Perhaps some price-leader merchants would even optimize and incentivize the usage of Open Banking instead of cards to push down the costs.

Open Banking Uptake: What needs to be done to improve the customer experience and take up?

In online environment the UX is pretty good already but if banks and merchants wish to expand the usage to in-store, a convenient payment process is needed. Using Request-to-Pay could be one of the possibilities for this.

How will we get consumers to feel secure and safe?

As Open Banking won't probably ever have chargeback features like many of the payments cards do, I think the usage will be mostly limited to domestic purchases. Even so, a SCA is needed to prevent misuse and there could be even a 'reverse SCA' where the merchant tells the customer that "I'm really who I claim to be".



Rónán Gallagher
Head of Omnichannel
Product
Trust Payments

Can you introduce yourself and your background?

Rónán Gallagher – Head of Omnichannel Product with Trust Payments based in Dublin.

Rónán has over 20 years experience in payments and prior to joining Trust he was a co-founder with Alpha Fintech, where he was responsible for product and most recently operations and client service delivery. Alpha Fintech were recently acquired by PPRO.

Before Alpha he worked in a variety of project, product, client management and banking partner management roles for arvato who provided BPO payment services to clients including Google, Facebook, Amazon, Microsoft and AOL.

A bit of a payments geek he has been known to take pictures of interesting terminals or local payment method products on the family holiday. In his spare time apart from finishing his MSc in Fintech Innovation he is a big sports fan and coaches Gaelic Football and Hurling and is generally found on a sports sideline each Saturday and Sunday

Can you introduce your company and its activities?

Trust Payments are a disruptive leader in Fintech offering full service merchant acquiring, payment gateway and value added services. Trust Payments provide both eCommerce and ePOS offerings delivering on our vision of Converged Commerce for omnichannel retailers. Trust service merchants across the UK, Europe and the US from 11 global offices.

BNPL has become one of the fastest-growing retail and payment trends in 2022. Is BNPL Bubble going to burst?

I don't believe that BNPL as a product is a bubble and we are likely to see increased usage of it as a mechanism however some of the valuations of the providers in the sector may be exhibiting bubble signs. The recent speculation is that Klarna may be seeking funding at a valuation of \$30b compared to prior valuation of \$46b and they announced layoffs of 10% of their employees recently. The BNPL providers listed in Australia, several of which are active in the UK and Europe, are down around 85-90% from peak valuations in 2020/2021. In the US Affirm hit \$168 last November and at time of writing is less than \$25. BNPL providers will likely be challenged by the current economic conditions which are seeing increases in interest rates which will increase their funding costs and economic headwinds that may reduce customer demand and in turn may reduce demand for their service.

Many countries are actively looking at passing the regulation at BNPL: What impact do you think it may have?

I'm based in Ireland and in mid May we became possibly the first country in the world to introduce regulation of BNPL. That in itself is interesting as the market is in its infancy here compared to say Australia, UK or US with only two providers in Humm and Klarna outside some retailer based providers. The move may have been pre-emptive based on adverse press in other markets on the impact of BNPL on consumers.

Potentially regulation might drive some consolidation in the market. If regulation introduces additional costs for providers, this additional cost and additional administrative overhead may change the economics for certain providers and require consolidation to ensure there is sufficient scale. Regulation may also tighten up the granting of credit and where credit losses are a major cost factor to some BNPL providers at present this may have a positive impact.

What facts are essential for merchants when selecting their BNPL payment provider?

Prior to selecting a provider the merchant needs to ensure BNPL is a good fit for the products/services they are selling and their customers. Is the average order value in the right range? For example merchants with very high ticket prices may exceed the initial credit offered to first time BNPL providers. BNPL is primarily a B2C proposition and although there are some initial forays in B2B BNPL it may not be a good fit for businesses primarily selling to other businesses.

Evaluating the providers obviously needs to consider the brand of the provider, is it well known to customers and has a sufficient share of front of wallet?. The technical integration options are obviously important to ensure the customer experience is as seamless and frictionless as possible, particularly for first time customers who may need to signup for an account with the provider.

How does BNPL drive additional value for merchants in the segments/ Markets you operate?

BNPL can provide access to customers who do not have a credit card or do not want to use their credit card online. With access to BNPL and payments spread out over time customers may be more likely to increase their order value compared to having to pay upfront/in one go.

How do you see the next evolutions in BNPL?

BNPL is effectively a 170 year old payment form re-imagined for the digital age and buy now with deferred payment has taken many forms including open invoice in Germany and other European countries.

There is likely to be consolidation in the BNPL market. There is already to a certain extent aspects of a crowded checkout creeping in where retailers may offer 2 or more different BNPL options which may lead to customer confusion. To drive scale of their customer base further M&A activity is likely between existing BNPL providers. We already saw that in the first wave of BNPL in the UK and Europe as providers entered the market mainly from Australia partnering with or acquiring local providers. This is likely to continue and the proposed acquisition by Zip of

Sezzle in the US is an example.

We are also likely to see traditional credit card issuers leveraging VISA and Mastercard and their instalment solutions to convert customer lines of credit into potential BNPL accounts and offer the customers the option to pay in instalments in online checkouts when they enter their credit card. These credit card based instalment services have been widely used for many years in markets such as Mexico (meses sin interés), Argentina (cuotas) and Brazil (parcelas). In Australia the retail banks are starting to introduce their own BNPL offerings including NAB Now Pay Later. We've already seen existing payment companies such as PayPal introduce BNPL and Apple Pay Later was previously touted so watch this space.



Craig Browne Head of Sales and Business Development FSS Technologies

Can you introduce yourself and your background?

I'm Craig Browne and I am Head of Sales and Business Development for FSS Technologies in Europe. I'm what I suppose you can call a 'seasoned' payments professional, as I'm already into my third decade in the business, having spent near to twenty years with Mastercard, where I held a number of positions in sales and marketing.

Can you introduce your company and its activities?

Financial Software and Systems (FSS) is a globally leading provider of payment products and a payment processor. Founded in 1991 and headquartered in India, the company offers Asia's largest Integrated Payment Hub; processing more than 600 million banking transactions globally, over a billion Payment Gateway Transactions and reconciles over 9 billion records annually. Along with card issuance, ATM management, an innovative payment technology product suite and professional services, the

company quite literally empowers people, communities and economies the world over with fast, simple and secure payments.

How do you foresee the e-Commerce Growth? Is it a Bubble that will Burst in due course?

In Europe the bubble is far from bursting...though it was certainly tested during the pandemic period due to such rapid growth! Certainly consumers latched onto the ability to purchase online, growing their ecommerce shopping habit beyond selective purchases to everyday necessities as grocery and other essential items were forced to go digital.

What shopping trends & habits emerged over the last two years and are here to stay?

Whilst B2C growth might well stabilise in the digital space, the next burst of growth is most likely in the business sec-

tor as B2B customers and suppliers look to do business online, demanding that their personal omni-channel commerce experience outside of work is equally matched (and even bettered) in the business environment.

Has your company invested in a digital-first shopping experience that's seamless, efficient, convenient, and personalized?

Yes! Our 'raison d'être' is quite simply to empower people, communities and economies with fast, simple and secure payments. This is probably best demonstrated through our omnichannel payment acquiring portfolio, helping acquirers to effectively respond to changing market needs, deepen merchant engagement and improve business performance. FSS Acquirer, an omni-channel payments acquiring platform, enables acquirers to accept, authenticate, route, switch and authorize traditional or alternative payment across multiple channels - whether in-store, online or mobile. As a unified platform, FSS Acquirer delivers improved efficiencies, speed to market, increased security and support for multiple payment product types. It is digital-first in every sense of the word!

How did you expand your payment options to meet customer preferences for digital payments, both contactless in-store and flexible choices online?



Can you introduce yourself and your background?

I am a European expert in payments and innovative financial services. I work in Paris as Director of Studies, Prospective and Training of Partelya Consulting. I have also some activities at a European level as Country Ambassador for France of European Women Payments Network (EWPN) and France Representative of Aefi Spain and Afip Portugal. In this context, I am author of several

We recognised that a unified platform can deliver improved efficiencies, speed to market, increased security and support for multiple instruments and payment product types. So it was an easy decision to focus our own efforts to expand our capabilities under our 'unified platform' offering which is already helping to deepen merchant engagement, with simplified KYC and onboarding procedures, dispute management, reconciliation and value-added services including multi-currency support, analytics and tokenization creating greater merchant stickiness. We're also delivering unprecedented scale with the platform which is already benchmarked for 4,000 messages per second, processing over 2 million transactions daily on a single platform.

What do you foresee as trends shaping the post-pandemic world in 2022?

There's nothing worst than predicting the future but I do believe that we'll see the current focus on security coming more to the fore - not least as we complete the actions demanded under the PSD2 here in Europe. I also believe that we'll see a blurring of the line between the customer experience offered between B2C and B2B. At the end of the day, we're all digital shoppers in an increasingly digital age and our demands remain the same, regardless of where we shop!

Andréa Toucinho
Director of Studies,
Prospective and
Training
Partelya Consulting

books about payments and I organize regularly conferences and trainings about payments at a national and European level. I also use to participate in several international events about payments and innovative finance as speaker or attendee to share my expertise about this ecosystem. Before this, I used to be journalist - editor in chief of Point Banque magazine during 10 years, covering the main news of our ecosystem and organizing professional events like "Payforum" and "Banque et Innovation".

Can you introduce your company and its activities?

Partelya Consulting is a company specialized in payments and innovative finance based in France. This company has a strong expertise of more than ten years in this ecosystem and works with all the stakeholders of the market (banks, schemes, retailers...). Recently, Partelya Consulting created a business unit for Studies, Prospective and Training that I manage, and a business unit for Risks and Compliance managed by Valérie Roy and dedicated to regulation and security. Partelya Consulting is also an active member of several working groups of French payments ecosystem, for instance as member of the French Association du Paiement.

We are talking to each other in the context of the MPE. Is this your first participation? What is the added value you are looking to find at MPE?

I have the pleasure to participate in MPE since several years as attendee, and since 2020 as member of the Advisory Board. The value added of this event is the excellent content provided by organizers, speakers and moderators, that brings a good analysis of the challenges of our market. Furthermore, as a real paneuropean event, MPE

brings a strong opportunity of international networking.

Why would you recommend payment professionals to attend MPE 2022?

MPE provides a real value added content and strong opportunities of networking. The next edition will be very interesting since it will cover many issues of our market like the situation of open banking, the challenges of regulation and the questions linked with European sovereignty. Last but not least, MPE does not forget the issues of HR and leadership in payments in its agenda. It is also a good opportunity to analyze the questions linked with the composition of our market and diversity issues.

What topics are in the MPE 2022 agenda close to your heart?

First of all, the questions linked with the evolution of European payments market: open banking, evolution of regulation, technological issues. Then, the topics linked with the organization of our ecosystem like HR and leadership issues. Last but not least, the gala dinner, that is a good occasion to highlight the main technological providers of the European payments market.



Mike Goodenough Global Head of e-Retail Worldline Global

Can you introduce yourself and your background?

I have been fortunate to have worked in payments and eCommerce for more than 25 years during some significant changes in technology and consumer behaviour, including issuing banks, card schemes, merchants and PSP's.

Currently Global Head of e-Retail for Worldline, other

roles in over the last 14 years in this organisation have included GM of EMEA, managing the Global Partnerships and Alliances team leading product teams, sales teams and advising on M&A opportunities.

I am a charismatic leader who is well-known within the industry as a payments expert.

Can you introduce Worldline and its activities?

Worldline is the European leader in the payments and transactional services industry and #4 player worldwide. With its global reach and its commitment to innovation, Worldline is the technology partner of choice for merchants, banks and third-party acquirers as well as public transport operators, government agencies and industrial companies in all sectors.

Our solutions target global online businesses who need a partner for global growth. Our experience and expertise across the many sectors we serve help our customers to deliver the payment experience their global customers want. On top of this, we have dedicated teams organized by industry vertical. Not only our sales but also operations, customer service, and product are fully dedicated to addressing the needs of these customers. This combines the in-depth knowledge per industry with the breadth of our market coverage throughout the world.

How do you advise merchants to digitalize their business?

While a frictionless payment process is vital to the commercial success of an eCommerce business, payment remains one of the top pain points that merchants face when trying to expand into new markets. It is almost impossible to operate a seamless cross-border eCommerce business without a scalable and reliable way to process payments.

With the rise of online retail and increasing globalization driven by changing consumer demands, there has never been a more critical time for businesses to extend their reach across borders. This increasing demand for cross-border processing capabilities also results in a potential rise in costs, transaction processing, through currency exchange fees and chargeback risk.

Managing and mitigating these risks are crucial factors in achieving international growth for any business. Entrusting your eCommerce expansion to a trusted, experienced partner is vital to the execution of a successful global expansion and the achievement of long-term sustainable growth.

What are the blocking points that you encounter the most with your clients?

Clients' most significant challenge when entering new markets was understanding how to cater to customers' needs and expectations in different regions whilst also adapting to recent changes in consumer behaviour. Partnering with payment service providers (PSPs) helps them gain this knowledge, as their expert teams have developed expertise and understanding of consumer demand in different regions by working for many years in coun-

tries across the globe.

With high-growth markets becoming essential to European eCommerce businesses looking to expand internationally, they must learn how to enter these markets with the most excellent chance of success. At Worldline, we've launched many local domestic solutions through a single connection that help reduce the barriers to entry. These solutions, coupled with a relationship management model built on deep understanding of our clients needs, have helped many eCommerce companies successfully break into these rapidly expanding markets.

What are the solutions that you put in place to support them?

Global eCommerce is growing rapidly, and the pandemic is accelerating the shift towards a more digital world and triggering changes in online shopping behaviours. Today's consumers demand the entire digital experience to cater to their needs and preferences. However, many companies struggle to apply their UX-driven business approach to the payment experience – especially on a global scale, where there is significant variation in preferred payment methods, currencies, and mobile usage in different localities. We offer a range of solutions specifically designed for businesses to reach peak payment conversion. These products are built for online consumers who demand fast, mobile, and secure payments with preferred payment methods and currencies.

Another key focus area for us is high-growth eCommerce markets such as South Korea, Latin America, and India. These markets can be hugely beneficial for companies looking to operate internationally, and we see cross-border sales continuing to take off in these regions. South Korea and Latin America have some of the most significant potentials for digital commerce growth, and those operating across borders should consider offering services there. The key to achieving this is the ability to provide payment services that meet customers' needs in different localities. Worldline research has found that up to 42% of customers are likely to drop off and search for an alternative website if their preferred payment method is not offered at the checkout. Therefore, businesses must integrate with payment networks in different regions to provide locally relevant payment methods. We have solutions for traditionally complex geographies and continue to deliver solutions for more of these markets.

What are the elements to take into account for an online store wishing to expand internationally?

Many markets, especially growth or developing markets can have high barriers to entry; a complex payment ecosystem, different payment methods, and robust regula-

tions that have to be upheld to enter those markets. There are five primary enablers of cross-border:

1. The rise of direct-to-consumer model
2. Multiple consumer touchpoints and social commerce
3. Lower prices and greater choice
4. Improved localization
5. The role of innovation as an enabler

When expanding into a new market it's essential to understand local consumer behaviour and requirements. Customers in different regions around the world interact differently with eCommerce businesses when it comes to payments. A payment experience that is perfectly matched to the customer's needs can not only help them smoothly complete a transaction, but can also increase loyalty, boost repeat custom and elevate brand perception.

You recently talked about the differences between the West and the East in the use of digital wallets, can you tell us more?

In Western developed markets, most digital wallets evolved from card payment rails. PayPal, Apple Pay, and Google Pay allowed customers to convert a card-initiated payment into a mobile payment utilizing the card account as the underlying payment method.

Conversely, across Asian markets, wallets have evolved from different sources. Often, they are strongly tied or integrated to the Super Apps available across these markets. The major wallets of Alipay and WeChat Pay dominate China, but across other Asian markets, companies like Gcash, Gojek, Grab, and Bukalapak now have multi-billion dollar valuations and enormous local market shares. Across Asia, these solutions have embedded themselves by providing a more holistic approach through their Super Apps, which offer a range of services accessible by consumers with a payment component embedded in this experience.

Significantly these "eastern" wallets have often developed as a store of value in the region, providing an attractive capacity for unbanked and underbanked populations to participate in the digital economy. In India, digital wallets are not necessarily stores of value but provide consumers the ability to pass through payments via the UPI network that facilitates real-time payments. Compared to Europe and the US, the market across Asia is much bigger, with some 1.8 billion digital wallets in use in the Asia Pacific region.

There is active work by many of these wallet providers to make them just as accessible for their customers offshore

as they are local. Alipay has been cooperating with six European mobile wallet providers to promote interoperability in the use of QR codes for digital payments. There is also an increasing number of examples where local regulators champion this interoperability of wallets between countries.

As a result of these different evolutions, the ways and expectations of how customers will utilize these services in a retail environment will also be different. While Western wallets will primarily operate via merchant terminal infrastructure, the eastern wallets are far more likely to work via real-time transfer or QR code payment activation. These payments can be activated in-store by a simple QR code scanned by the customer, a cheaper and less technologically dependent payment process. As a result, they can offer merchants a low cost of entry and attract a customer base that is much more familiar and confident with this payment method.

Retailers that have or aspire to have a customer base in, or coming from, the east should consider how these trendy and very trusted wallet products might be introduced into their existing payment options.

What payment trends do you think will develop in the next 5 years?

The growth of new technologies as well as the rising importance these innovations hold in the Fintech space are expected to continue and perhaps even accelerate throughout 2022 for the benefit of merchants. Such technologies include Artificial Intelligence (AI) & Machine Learning (ML) driven data analytics, block chain based digital currencies – for example a central bank digital currency (CBDC) effectively the digital form of a fiat currency – embedded payments (e.g. in-vehicle or home assistant payments).

The rise of social commerce and the explosion of live-shopping driven by embedded payment capabilities in that experience, particularly in eRetail, will change the way consumers make purchases.

We are talking to each other in the context of the MEP. Is this your first participation? What is its added value?

We are excited to be sharing our knowledge and expertise with the industry and our peers, interested in learning about exciting new developments in the industry and region and of course meeting businesses that we can help grow.



Pavel Kaminsky Founder & CEO 7Security

Can you introduce yourself and your background?

My name is Pavel Kaminsky and I have been passionate about Information Security in its many faces for more than 18 years. I am also the founder and CEO of 7Security GmbH - a QSA (Qualified Security Assessor) company authorized to provide PCI DSS certification to merchants and payment services providers in Europe and CEMEA.

In short, I am the guy Fintech founders call when they need to implement secure payment environments and cost-efficient PCI DSS. I am a mentor for VISA Innovation Program, Level39, Startupbootcamp, Fintech Hive, and Impact Hub, to name a few, and a regular lecturer at various IT security conferences. I work with startups daily, helping them to find solutions that work for small, energetic, and flexible teams. I am a brainiac at building payment environments on AWS and GCP serverless components that optimize the PCI implementation and maintenance, and simply make the projects less expensive.

Can you introduce your company and its activities?

7Security GmbH is a QSA, 3DS, and QPA company authorized to provide PCI DSS, 3DS Core and PIN Security certifications to merchants and payment service providers in Europe and CEMEA. We offer disruptive innovation in the PCI services that make us the preferred choice of Fintechs all over Europe.

We are talking to each other in the context of the MPE. Is this your first participation? What is the added value you are looking to find at MPE?

Yes, I haven't participated in MPE before and I am quite excited about it.

I look forward to making new connections with payment professionals from all over Europe and discussing payment security and innovation. I also can't wait to share

my insights on implementing cost-efficient PCI DSS during my upcoming workshop at MPE 2022. I am confident my session will be informative for payment professionals and will debunk some common misconceptions about PCI DSS - that it is a difficult standard to comply with and it's too expensive, for example. I hope participants share their PCI DSS experience and questions, so we can have a valuable dialogue on the topic. Make sure you don't miss it :)

Why would you recommend payment professionals to attend MPE 2022?

Payments is a very dynamic and ever-changing field, and keeping up with trends and innovation is essential. MPE 2022 is the best place to do that - to meet other professionals, and discuss recent technologies, standards and solutions. Moreover, an event like MPE is a great opportunity to meet new partners and build lasting connections.

What topics are in the MPE 2022 agenda close to your heart?

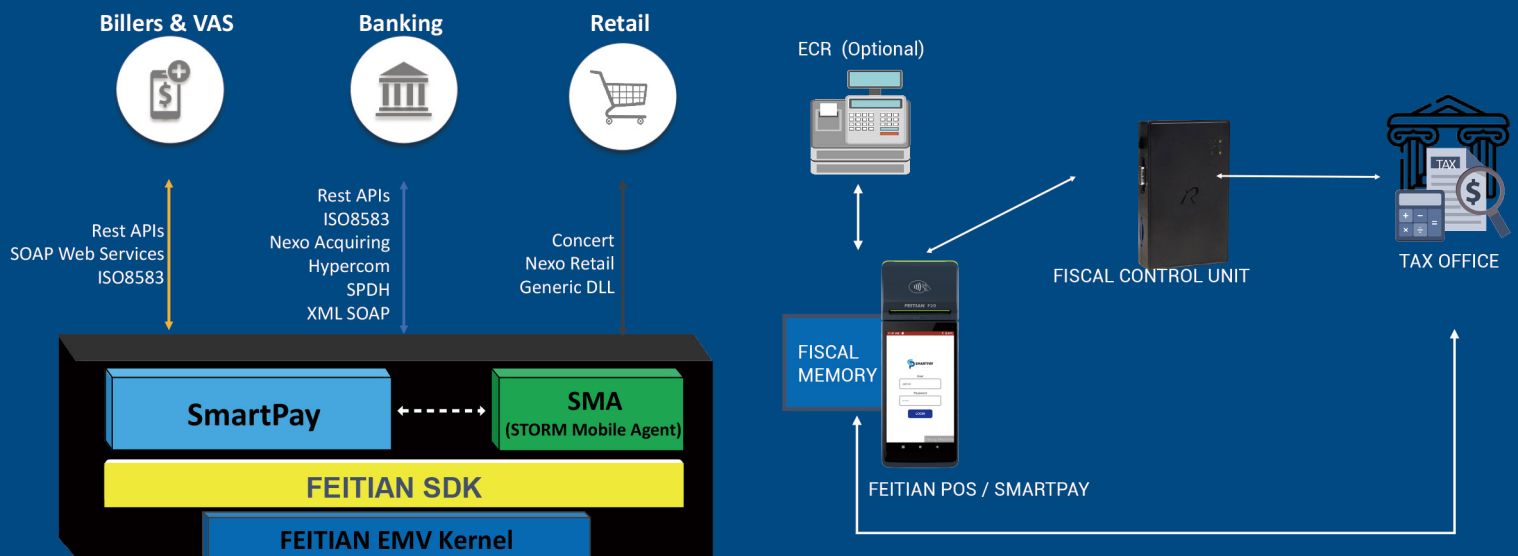
Everything related to payment security is close to heart, naturally, but I am interested in various topics related to online payments innovation and regulation, so I will be observing and participating in many of the sessions and the startup pitches with interest!

How do you foresee the e-Commerce Growth? Is it a Bubble that will Burst in due course?

I do not see the bubble bursting, in fact, just the opposite! As a QSA, I see more and more fintech startups that are offering innovative e-Commerce payment solutions and services, and they do so with great success. The pandemic was of course a factor in influencing more users to start buying and paying online. Now that customers are used to online shopping, they are embracing and enjoying all the benefits e-commerce payments can offer.

es and welcomes technology
a more completed and
ent ecosystem for different

The diagram illustrates the FETIAN TMS and Payment app ecosystem. At the center, the logos for STORM and SmartPay are displayed above the text "TMS and Payment app". Surrounding this central hub is a circular arrangement of 12 FETIAN devices, each enclosed in a light blue circle. The devices include various types of payment terminals, such as handheld units, countertop models, and a tablet, all featuring the FETIAN logo. The entire graphic is set against a dark blue background.



What do you foresee as trends shaping the post-pandemic world in 2022?

Mobile and digital payments are here to stay and grow. I am certain more and more merchants will focus on accepting payments online and will introduce a wider variety of quick and safe online payment options in order to keep their customers satisfied: digital wallets, QR code payments, BNPL options etc.

As I also mentioned in the January POSitivity issue, 2022 is definitely the Year of SoftPOS – the revolution in card-

present transactions. SoftPOS allows merchants to turn their smartphones into contactless POS terminals. SoftPOS transforms NFC-enabled Android devices into mobile payment terminals, making it much easier and faster for merchants to start accepting payments. It has many advantages - easy onboarding (merchants only need to download an application), quick checkout process, reduced queues, optimized costs, and more mobility. With the release of MPoC in 2022 (a PCI security standard for SoftPOS solutions with PIN entry), I strongly believe more merchants will truly embrace SoftPOS this year.



Sunil Jhamb
CEO & Founder
WLPayments

How do you foresee the e-Commerce Growth? Is it a Bubble that will Burst in due course?

We expect the e-Commerce growth to continue in double-digits in the next four to five years. There is still enough room for growth, especially in emerging markets, where e-Commerce is just gaining momentum. Many companies have yet to exploit their full e-Commerce capacities, and there are still a lot of potential customers who do not buy online and prefer to shop in-store. It is likely online merchants will eventually grasp these customers' preferences, further driving e-Commerce growth.

What shopping trends & habits emerged over the last two years and are here to stay?

The Covid-19 pandemic accelerated the apparent changes in the past 24 months, and most of these developments are here to stay even after Covid-19 has passed. We see that paying-online-when-present through Pay-by-Link/QR code is a big success and is still available even where Covid-19 seems to be under control. The need for local payment methods to cater to the local markets is

another trend we expect to keep growing.

Has your company invested in a digital-first shopping experience that's seamless, efficient, convenient, and personalized?

Since the beginning of our journey, removing friction from the online payments process has been at the forefront of our mission. As the trend-setters in the industry, we have continuously delivered innovative solutions for merchant and consumer payment challenges. The Payment Page Builder, Split Payments, "Sell on Social Media Platform" feature, and Flex 3DS & 3DS Routing are just a few examples of WLPayments' innovations that aid in providing a seamless and frictionless checkout experience for the end-consumers.

How did you expand your payment options to meet customer preferences for digital payments, both contactless in-store and flexible choices online?

We are always in close contact with our merchants and their customers to understand the struggles and frictions

they face. Taking their challenges into account, we have developed numerous enhancements to our solutions like Pay-by-Link/QR code as well as reporting and monitoring tools on our dashboard to better track the customer payment journey. Listening to our merchants' needs in combination with our agile approach has also allowed us to enrich our payment method portfolio at record speed. This is marked by our outstanding performance having integrated 8 payment partners in Q1 of 2022.

What do you foresee as trends shaping the post-pandemic world in 2022?

More local and global payment methods as well as the acceleration in open banking adoption will continue to be the most important trends. Besides the increasing demand for convenient payment methods, we expect authorities and card schemes to opt for two-factor authentication requirements outside Europe. Simultaneously, the need for frictionless 3DS implementation and solutions like our Flex 3DS and 3DS Routing among merchants will increase.

BNPL has become one of the fastest-growing retail and payment trends in 2022. Is BNPL Bubble going to burst?

We don't foresee a burst, but we expect the market to slow down. More stringent regulations and a downturn in the economy will make the BNPL landscape even more competitive. The bigger and better-financed merchants will aim to set up their own BNPL solutions. This will give them a better margin, as well as the benefit of keeping the vast data collected through the BNPL solutions within the company. The data collected can provide these merchants with better credit-scoring quality and thus a decrease in defaults.

Many countries are actively looking at passing the regulation at BNPL: What impact do you think it may have?

We believe that BNPL regulation will have a significant impact on the industry. We will enter a phase of more visibility for the investors, the merchants and the consumers alike. That is an improvement from the current regulatory landscape. Right now, there is hardly any sophisticated data that investors can utilise for scenario analysis when the economy goes sour. Merchants need assurance that they will get the money they are entitled to, while consumers need transparency on the interest rates and default rules. For the BNPL platforms, I expect only the bigger ones to survive while the traditional banks, with the help of Fintech companies, will be better positioned to play a role in this market.

What facts are essential for merchants when selecting their BNPL payment provider?

The most important requirement for the merchants should be the assurance that the money collected through BNPL channels will reach them safely. Apart from that, merchants should also ensure the chosen BNPL provider gives them access to BNPL payment data analytics. This is crucial as it allows merchants to employ data-based decision making to distinguish their loyal customers from the less sound ones as well as optimise their payment flow. Lastly, merchants should pay attention to the BNPL provider's regulatory compliance.

How does BNPL drive additional value for merchants in the segments/ Markets you operate?

In the end, it is all about being competitive. As a merchant, you want to say 'no' as little as possible. If the customer wants to buy now and pay later, and your competitor gives that flexibility, you also need to. Effective regulations will level the playing field and make the merchant and the customer less susceptible to potential bad apples in the BNPL industry.

How do you see the next evolutions in BNPL?

We will see traditional banks team up with agile Fintechs to offer the BNPL solutions. Funding is traditionally a strong point for banks. They have the merchants and the brand as well. What they need is a strong technology partner that can help them make solutions that actually work. Apart from that, I foresee further consolidation in the BNPL industry. Investors are likely to be more careful now and ask better and more informed questions before they fund new initiatives.

Valuations in the open banking space are soaring far beyond revenues. What are investors betting on?

It looks like investors are betting on unproven business models. Open banking will be one of the significant paradigm shifts in payments. In fact, it has already proven to be a momentous shift in India and Brazil. But who is reaping the monetary benefits in those markets because of it? New business models will emerge, primarily based on having access to and accumulating data. We will only know in a couple of years who might be the true winners.

What are the lessons learned from VRP rollout and implementation in UK and Europe so far?

We do not have an opinion on VRP rollout and implementation, for now, other than that we are following the developments closely.

Open Banking Uptake: What needs to be done to improve the customer experience and take up?

In terms of payments, we should be able to provide a frictionless checkout experience for the end customer. Merchants don't want customers to toggle through lists of banks or payment methods before they can pay with open banking. The option to pay Account-to-Account (A2A) should be the norm - available anywhere and everywhere.



How will we get consumers to feel secure and safe?

There is a need for one united European voice for open banking with the same name and branding that actively promotes the benefits and the use of open banking. We see that many customers are still unaware of open banking and its advantages, so education is crucial. Full support by the industry participants, industry bodies and governments will lead to more trust and acceptance for all European consumers.

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 im-

portance 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.”



Katharina Luschnik Head of Payments Solutions Aiiia, a MasterCard company

What are the lessons learned from VRP rollout and implementation in the UK and Europe so far?

Variable Recurring Payments is a great concept bringing Open Banking to a next level. But in general, I would not consider it as “being rolled out”. It currently has gained momentum in the UK, due to a market commitment to a standardised VRP Banking API. Other markets still haven't reached this common understanding and technology standard. The VRP API standard provides an additional layer on top for payment initiation services, and allows the payer to set up a long-lived consent with the PISP.

This enables a lot of use cases in embedded finance and goes far beyond “sweeping use cases”. Sweeping currently automates the movement of money between accounts held by the same personal or business customer.

To reach full potential of VRP, there is a lot of additional alignment needed: Which exemptions can be applied to bypass SCA and allow for long term account access, which fraud monitoring needs to be set in place, which liability concept underlies this?

There is again standardization required in many aspects: An European API standard and commitment from all banks and markets to implement it, a common understanding in the market for exemption handling, security mechanism,

liability and handling of refunds. Just to name a view.

So the learnings from the UK specifically is that, the industry needs to sit together and decide jointly on how the future of VRP payments should look like and set a model in place, which guarantees consumer adoption as well as enablement from the API side, but also from the PISP side. Hopefully, this can be scaled then across Europe and can be a strong fundament for a lot of exciting use cases consumers, SMBs and the whole community can benefit from.

Open Banking Uptake: What needs to be done to improve the customer experience and take up?

- The European Open Banking Ecosystem is still very fragmented. This leads to a very diverse customer experience. Standardisation will be key to improve customer experience. Standardisation in regards of API quality standards, European standards all following the aim of providing high quality APIs to commercialise Open Banking in the best way together. The whole Open Banking ecosystem should join forces to align on API standards, to streamline the Authentication experience (Strong Customer Authentication) for consumers, but also provide frictionless authentication options for corporates.

Open Banking payments offer by far less fraud risk. This is the reason we would also seek for SCA exemptions like Low

Value Payments across Europe to combine best consumer experience and also leveraging very low risk of fraud.

But standardisation would also help in other aspects: More consolidated European standards for Clearing, enabling SEPA based instant transactions across Europe, but also agree on an industry standard for consumer charges on these.

We have seen a huge pick up of Open Banking in a lot of countries. The convenience of Open Banking payments specifically is very dependent from a consumer experience and here a European industry standard in combination with the existing PSD2 legislation would help a lot.

How will we get consumers to feel secure and safe?

- Security and Safety is something Open Banking already guarantees by nature of technology and legislation con-

cept. Due to direct API calls, a reduced number of intermediaries in the value chain and a high demand on quality and regulated technology to access data Open Banking rails are already perceived as very secure in consumer perspective. This is also proven by our recent studies. Since PSD2 legislation is very strict in regulating the access and handling of Bank Account data, the technology itself is supposed to be secure and safe.

Now again, to gain full consumer trust, technology providers and aggregators need to be challenged on the way they handle bank account data and guarantee data access for consumers at any time. The industry needs to go the extra mile here. We will be successful together, if we can guarantee that data ownership is always with Bank Account holders and the way bank accounts are accessed is highly secure thanks to the technology and security mechanism set in place.

Open Banking

Trustly acquires Ecospend, further strengthening position in the UK

Trustly, the leading global payments platform for digital Account-to-Account transactions ("A2A") today announces the acquisition of the UK-based Open Banking Payments platform Ecospend. Ecospend's strong UK A2A product and full bank connectivity will complement and enable Trustly to deliver a market-leading product in the UK, and further accelerate its UK roll-out – one of Europe's most rapidly growing A2A regions and a core growth market for Trustly.

Four years after PSD2 made Open Banking a regulatory requirement in the UK, the market presents a dynamic ecosystem, with rapidly accelerating consumer adoption, and strong transaction volume growth. As previously announced, the UK is one of Trustly's core growth markets. Having set an ambitious target to be the game-changing market leader in the UK, the acquisition of Ecospend now accelerates Trustly's journey towards that target.

Ecospend, founded in 2017, is a FCA UK regulated A2A payments provider powering the next generation of open banking based payments and financial data services. Ecospend serves clients in a range of industries, including Pub-

lic Sector where the company has a key contract with the tax authority of the UK government, HMRC, which went live in March 2021. In the past year, Ecospend has processed over £5bn in A2A payments to over 2 million consumers. Ecospend's strong UK Payment Initiation and Account Information Services (PIS & AIS), as well as connectivity with 80+ UK banks makes it a strong fit with Trustly's collection capabilities and wider European footprint.

Johan Tjärnberg, Group CEO of Trustly, comments: "I am delighted to welcome Ecospend to Trustly. This is a perfect strategic fit and I am convinced that it will enable us to deliver a market-leading product in the UK, allowing us to capture opportunities and accelerate our current UK expansion."

Metin Erkman, Founder of Ecospend: "Together with Trustly we will be able to further accelerate our expansion in the UK and continue to raise the bar for service excellence to our customers. We will continue to leverage our market-leading technology and bank connectivity in the UK and, together with Trustly, broaden our capabilities to stretch across Europe and further markets. We are really excited to

join the Trustly family.”

have agreed to not disclose any financial details.

The transaction is subject to customary regulatory approvals. The parties, Trustly AB and Ecospend Technologies Ltd,

Source: [Trustly](#)

Crypto Currencies

May stablecoin bloodbath continues – ECB calls for strong action



In April Payments Cards & Mobile published excerpts of a speech by Fabio Panetta where the Member of the Executive Board of the ECB, started his speech “...Greed and lawlessness turned this promised land into the Wild West, where the few exploited the dream of the many.”

Panetta was referring to the “illusory narrative of ever-rising crypto-asset prices to maintain inflows and thus the momentum fuelling the crypto bubble.”

One week later we published an article entitled Stablecoin invasion – The next big thing in crypto? The article goes on to argue that whilst cryptocurrencies are hugely volatile, the increase in awareness of stablecoins and their “stable” nature was a good thing and attracting serious and institutional investors.

Then May happened

Stablecoins, it turns out, may not be so stable after all. These digital assets, which are pegged to the value of government-issued currencies, are meant to be the safest part of the volatile crypto market.

Their supposed fixed value has made them a cornerstone of the crypto ecosystem. But stablecoins are failing to live up to their billing.

Tether, the largest of these tokens with about \$82 billion in circulation, briefly lost its peg. It fell to as low as 95.08 cents before bouncing back, but not before causing a considerable run.

The decoupling, however brief, should worry the broader market. The size of the stablecoin industry — \$180 billion as of March, according to the Federal Reserve — makes it a source of potential systemic risks. The ECB thinks likewise.

In the case of Tether, as of the end of December, cash and bank deposits made up only 5% of its assets – according to the FT.

Treasuries accounted for about 44% while commercial paper and certificates of deposit made up another 30%.

If Tether decides to liquidate its \$34 billion of Treasury holdings or its \$24 billion of corporate debt holdings to defend the token, that will have repercussions for bond yields and the prime money market.

More worryingly, about 6% — or \$5 billion — of its reserves are in other investments including other cryptocurrencies. These could prove to be more illiquid and hard to sell in times of stress.

Stablecoin Luna-tic

Now, Luna is imploding to the tune of \$40 billion.

Run by CEO Do Kwon, he co-founded Terraform Labs in Singapore with Daniel Shin, the prominent founder of South Korean e-commerce platform Ticket Monster.

The pair launched the terraUSD stablecoin in 2020. Terra should hold a steady value of \$1. Its dollar peg was maintained by an algorithmic relationship with the luna cryptocurrency.

To buy terra, users need luna, and vice versa. This see-saw dynamic is meant to keep the price of terra stable, but in early May, well we know that story.

As the luna supply was sold off, the value of the cryptocurrency plummeted towards zero, undermining the ecosystem's delicate algorithmic balance and breaking terra's peg to the dollar.

Source: [Payments Cards and Mobile](#)

Partnership, Mergers & Acquisitions

Acquisitions and investments in the payments industry: challenges and opportunities

Most M&As and investments emphasise the opportunities that lie ahead for the companies involved. However, various challenges may occur related to market movements, competition, consumers demand and preferences, as well as regulations, and other emerging factors. However, a bit of strategic assessment can turn these challenges into opportunities. This is why it is imperative to consider deals and fundings from both perspectives. For the last six months, the dynamics of M&As and investments revolved around the following trends:

- Buy Now, Pay Later versus credit cards models;
- The accelerated rise of startups in Asia;
- New scaling and expansion strategies from incumbents.

After a comprehensive M&As and investment roundup in 2021 published on The Paypers website, we're continuing from where we left off, by creating another overview from Q4 2021 to Q1 2022, this time mainly focused on challenges and opportunities with unique views on what should businesses consider when seeking to acquire either capital or companies.

Buy Now, Pay Later – business as usual, but with a twist

There has been some controversy on BNPL offerings in the last few years, with many regulators across the world commenting on the risk of debt traps among consumers. Even the word 'Klarnage' was used to emphasize the damage that these financing services may cause to those that overspend without a warning. Despite all the discussions on whether

these companies have fair and regulated policies, a significant wave of investments happened throughout the last two years, with companies such as Klarna, Afterpay, Sezzle, and more rounding up their funds significantly.

In the meantime, the home-grown BNPL market in Australia seems to be saturated, and companies that raised a lot of capital like Afterpay and Zip, for instance, are now losing it – Afterpay reported a USD 156.3 million loss for the last fiscal year, while Zip reported a USD 652 million loss. Klarna also confirmed USD 748 million operating losses in 2021, which means a 408% loss compared to 2020.

The perception around the BNPL is yet a bit altered. BNPL is not all about debt and consumerism. Beyond these issues that, indeed, do exist in this field, BNPL is here to stay, especially for younger generations that prefer to avoid the long commitments of a traditional credit. From the last analysis on investments and M&As in the BNPL market, in the current roundup, we observe fewer big players involved in funding and more startups eyed by investors, a rise in credit card-based services, and high interest for expansion.

The credit card business model on the rise

This card-based business model is, in fact, a credit card challenger one, where consumers are connected to a financing entity, yet the payment execution is facilitated by the BNPL provider. Consumers pay with a card that is issued by the provider and usually co-branded by an international card network. The key benefit is that these providers offer customized perks that include cashback, spending tracking, the

0-interest plan for those who pay on time.

India-based fintech Slice has raised USD 220 million in a Series B funding, valuing the business at more than USD 1 billion. Slice currently offers credit cards to India's young adults. Among the Slice card's key features is the ability to split a bill into three interest-free monthly instalments. The company is also working on launching payments through Unified Payments Interface (UPI), a state-backed system that streamlines inter-bank payments.

Mexican credit card issuer Stori has secured USD 125 million during an oversubscribed Series C funding round. The company has focused on investments in the last two years with a total fund of USD 200 million and plans to broaden its suite of products.

Another LATAM-based startup, ADDI, raised USD 200 million valuing it at more than USD 700 million. The company is now well-rooted in Colombia, with operations in Mexico and Brazil as well. With so many opportunities in the whole region, ADDI is looking to further expand in other LATAM countries.

British startup Zilch raised USD 110 million quadrupling its valuation at USD 2 billion, to expand footprints into the US. Considering that credit cards are a popular payment method and a means of financing in that market, Zilch might be able to successfully take on other players there.

Established players

Zip, one of the well-known players in Australia, has been on a shopping spree in the last 12 months. More recently, the company bought its rival Sezzle for USD 352 million. The financial loss hasn't stopped Zip to gather around as many BNPL providers as possible, and the new acquisition aims to be part of a strategic plan of investment that could turn out into a profit in two years. Zip also bought Twisto, Spotii, and Payflex, thus expanding more into Europe, the Middle East, and Africa, respectively.

Another major deal regards PayPal's acquisition of Japanese player Paidy for USD 2.7 billion, in a bid to consolidate its position in Japan. The company is constantly seeking to build strong connections with Asian markets through acquisitions, being able to enter even China via GoPay.

In Europe, Scalapay raised USD 497 million in a Series B funding round, totalling USD 700 million to date. According to most press releases, the company hit unicorn status, in spite of financial data not showing a valuation of over USD 1 billion. Scalapay is also looking to strengthen its digital transformation strategy by launching Magic, a platform that aims to boost the checkout experience for customers – with a very colourful interface and features like cashback, this new product seems to go straight to a certain group: Gen Z.

Challenges. The BNPL business model has been embraced at a global level by hundreds of companies, while only a few have a large market share, and out of this category, most are a long way from reaching profitability. Absorbing the competition and infusing capital is no guarantee of success, so both companies and investors should take into account the following aspects:

#1 It seems like the credit card-based model could be a new emerging trend among BNPL services able to overpower other business models, as pay later cards offer engaging apps and more transparency when it comes to spending patterns and cashback; at the same time, as detailed by McKinsey, players integrating card-based instalments would make a difference on a competitive market if they know how to monetize the pre-purchase offerings as well.

#2 Providers are focused on expansions, but the global market is highly fragmented when it comes to customer experience and adoption. For instance, this new move from PayPal might bring some challenges, as unlike other countries where with high adoption of BNPL services, in Japan, people generally avoid debt cycles as well as instalments payments;

#3 New regulations may force providers to trade off the speed and accessibility they now offer for new compliance rules, and adopt new measures of credit checks. Big players such as Affirm, Klarna, Afterpay, PayPal, and Zip are already on regulators' radar, which means growth might be hindered by additional scrutiny and constraints. Moreover, these changes might actually bring opportunities for banks to develop more BNPL services that could be well-received by the market for three reasons: 1) banks have a large consumer database so they can create more niched tailored products 2) they are more trusted by consumers than fintechs 3) with access to extensive data, they are able to do more accurate risk assessments

Opportunities. Despite all the debates around the reliability of these services, BNPL is here to stay, with high demand among consumers and popularity among key generations: Gen Z and Millennials. Moreover, in India, where more credit-card based models are emerging, the BNPL market is expected to grow rapidly over the next five years. It currently accounts for 2% of total retail sales and is predicted to skyrocket to nearly 7% by the end of 2026.

The unicorn season in Asia

There has been a successful period for many startups in Asia, particularly in the South-East Asia region, as well as in India. The newly become unicorns have focused on new digital financial services, expansions and investing in e-wallets services.

Razorpay, an India-based fintech, raised USD 375 million in December 2021, reaching a USD 7.5 billion valuation, which means that it has more than doubled since their last funding round in April 2021. This latest investment is aimed to further scale the company's Business Banking Suite, RazorpayX, as well as provide new banking solutions. Razorpay also planned to expand in Southeast Asia, and it did so in February of this year, by acquiring Malaysian startup Curlec, a recurring payment platform that enables direct debit Account-to-Account payments. This is an opportunity for Razorpay to consolidate its services and expand in an emerging market where digital payments, especially real-time payments, have become very popular among consumers in the last few years.

E-wallets growth for financial inclusion

Vietnam's e-wallet MoMo has gained the unicorn status through a USD 200 million investment, and it plans to further build up its multifunctional payment services that define it as a 'super app'. MoMo competes with VinID Pay, Airpay, Moca (in partnership with Grab).

In Thailand, Ascend Money, a fintech providing online payments and micro-lending services, was valued at USD 1.5 billion after raising USD 150 million in funding. The startup has similar missions as MoMo, planning to grow the user base for its TrueMoney Wallet, and expand its financial services across SEA to also drive financial inclusion in the market.

Challenges. Fintech startups are creating a competitive environment for banks. Nonetheless, in India, the banking industry is deep-rooted in the fintech ecosystem, and banks are investing and offering a lot of digital services to both SMBs and consumers – with RBI's NPCI being the best example in this matter. Consequently, all the financial services that Razorpay and other startups plan to offer should have a strong unique selling point to fend off competition from banks. Another segment to compete with is bigtech. The battle for dominance between giants such as Google, Facebook or Amazon could also affect the competitive edge that fintech startups fight for.

Opportunities. Various government initiatives have worked as a booster for startups to scale in Asia to encourage the development of digital payments. Moreover, financial inclusion is still an important objective in the region, and the companies mentioned above in this article are also putting their efforts into increasing the rate in this matter. E-wallets have a high mobile payments penetration in Asia, yet a few adults have access to a bank account, and SMBs have limited access to lines of credit and loans. For this reason, despite the developments and innovation that major banks and bigtechs bring in, there are still financial barriers that unicorns can lower to make a difference for a large pool of consumers through their own technology-driven innovation.

Scaling and expansion

Companies involved in M&As and strategic investments have precise goals that regard consolidation, scaling, and expansions of their payment services.

The Worldline story

As part of its European consolidation strategy, Worldline, considered the biggest acquirer in Europe, and the 4th worldwide, has bought Axepta Italy, a major bank acquirer in the country. Also bought by Worldline are Handelsbanken's card-acquiring activities in the Nordics, Cardlink, and Eurobank Merchant Acquiring activities in Greece. In addition to offering better rates and expanding services, these consolidation moves that Worldline is making are intended to broaden the geographical scope of acquirers and reduce processing costs.

Challenges for the acquiring market. At a general level, new regulations related to KYC and AML add more complexity to the merchants onboarding process, so acquirers should focus more on streamlining the underwriting experience in order to gain a competitive advantage. Looking strictly at the new acquisition, Axepta Italy is facing strong competition from Nexi-Sia and Iccrea, two top acquirers in Italy.

Opportunities for the acquiring market. Nevertheless, the country's digital payments have grown rapidly as has its engagement and development in fintech, and the Italy has become a conducive environment for instant payments and banking partnerships. Moreover, amid the pandemic, a lot of SMB merchants realised they need more resources to implement new payment methods and omnichannel experiences so companies like Worldline can be there for them.

Expansions and consolidation of PSPs

PPRO is continuing its journey and consolidation in APAC by acquiring Alpha Fintech, a payment technology company that owns a cloud-based platform for the integration of payment processing, merchant management, risk management, fraud prevention, and data analytics. With Alpha's platform, PPRO intends to provide its customers with plug-and-play integration, compliance and risk capabilities, as well as expanding its network in Australia and Singapore.

In the same competitive space, Rapyd has completed the acquisition of Neat, a cross-border trade enabling platform for startups and SMBs based in Hong Kong. With the great ambitions among PSPs to offer real-time payments, including pay-ins and payouts, Rapyd aims to meet cross-border payments needs for merchants in terms of interoperability and speed.

Global PSP Checkout.com raised USD 1 billion in a Series D funding round, reaching a valuation of USD 40 billion. The

company aims to scale up in the US, where they offer a cloud-based payments platform, to roll out a new solution for marketplaces and payment facilitators, while also exploring the Web3 space.

Challenges. All these companies boast about their ability to improve conversions at checkout. In order to do so, offers and interfaces must be constantly refined, and this can disrupt business growth if not done correctly. Another challenge could regard the fact that the expansions into Asia for PPRO and Rapyd, and Checkout.com's digging into Web3, means new journeys, and this requires an effective strategic plan. Yet the directions and challenges are of very different nature: PPRO and Rapyd are very familiar with APAC's markets, while in the case of Checkout.com, the Web3 and NFTs are still something new in the payments world, with a controversial position when it comes to regulations and jurisdictional aspects.

Opportunities. PPRO has taken on under its umbrella a company with strong connections to banks and payment methods providers in APAC. For Rapyd, Hong Kong is a good choice, as it is a market known for low domestic ecommerce penetration, yet it registers a high cross-border spending rate of 25% of all ecommerce transactions. Checkout.com's new marketplace solution could be a success, since ecommerce businesses are increasingly seeking innovative ways to scale their business by engaging with more partners, as opposed to the longstanding linear selling relationships. Marketplaces also account for a large portion of ecommerce – 47% of ecommerce sales were made through online marketplaces in 2020, totalling nearly two trillion dollars.

Account-to-Account and Open Banking Payments

GoCardless, an A2A payments provider focused on direct debit collections, raised a total of USD 529 million in funding over 10 rounds, the latest one announced on 8 February 2022, when they took in USD 312 million. The company has a clear mission of investing in Open Banking payments and joining the competitive environment of direct bank payments. As part of GoCardless' investment in Open Banking product development, the company launched Instant Bank Pay, a way to instantly collect one-time A2A payments.

Challenges. The A2A payment market has many players offering multiple types of services to meet consumers' and businesses' needs all the way. Therefore, any investment in this domain should be directed towards making a difference. In addition, the card-based payments market is still a strong one, and the benefits of A2A payments seem to carry a lot of weight for merchants, due to lower costs, even though the need for more awareness of their benefits among consumers is still stringent. Currently, there's no clear statement on how safe these payments are and how chargebacks can be handled without a card network in place, for example.

Opportunities. A2A payments would also see a significant interest among subscription-based and other recurring-type transactions. GoCardless has also conducted a study revealing that payments collections by card have a typical failure rate of 8%, while by paying directly from one bank account to another, the rate could drop to under 3%.

Finally, a widely debated topic this year so far was Apple's acquisition of Credit Kudos, a credit reference agency that uses consumers' financial data through Open Banking to measure creditworthiness for credit providers. There has been a lot of discussion across the industry regarding the rationale behind this move, with most of the ideas pointing out Open Banking or BNPL. The reason could regard both options, yet certainly, Apple will make use of Credit Kudos's capabilities to enhance and complement its own and launch new services. The company's new Tap to Pay solution, which was developed after the acquisition of Mobeewave, illustrates this point. There are a lot of speculations regarding this event – Bloomberg reported that Apple might develop its own payment processing technology to become an independent entity. This comes as no surprise, since most bigtechs express their interest in financial services. Nevertheless, bigtechs are far from taking over the digital economy, as long as public payments infrastructures and systems are continuing to develop.

Overall

The main drivers and trends of the above M&As and investments that will most likely influence the future events like these are:

- new BNPL business models
- financial inclusion in emerging markets – Asia basks in the spotlight on this front, while LATAM doesn't lag behind
- scale and competitive pricing for PSPs
- expansions in and access to new markets
- embedded technology
- Open Banking payments
- removing payments complexity

At present, beyond the challenges and opportunities that seem to equally have their own ground, the Russia-Ukraine war might further provoke global tensions with impacting consequences on economies, making players and other entities rethink any investment or acquisition strategy they initially drafted. Therefore, it is likely we will catch sight of fewer M&A announcements and a slight dip in market size by the end of this year. New trends always tend to develop, however, and maybe new business models or disruptive services will emerge.

Author: Anda Kania, Lead Editor, The Paypers
Source: [The Paypers](#)

Aevi

INNOVATING IN-PERSON PAYMENTS

One open platform. All payments. All in the cloud.



Let's connect in Berlin at MPE '22

Klarna to lay off 10 percent of employees, The layoff affects 700 employees globally



Hello everyone.

I am no stranger to sharing good and bad news. However, today is the hardest one to date.

As much as we may like it to be the case, Klarna does not exist in a bubble. We serve 400,000 merchants

and 150m consumers, which means that we have a profound impact on the world. At the same time, we are highly influenced by it. And when we set our business plans for 2022 in the autumn of last year, it was a very different world than the one we are in today. Since then, we have seen a tragic and unnecessary war in Ukraine unfold, a shift in consumer sentiment, a steep increase in inflation, a highly volatile stock market and a likely recession. All of which have marked the beginning of a very tumultuous year.

While crucial to stay calm in stormy weather, it's also crucial not to turn a blind eye to reality. What we are seeing now in the world is not temporary or short-lived, and hence we need to act. More than ever, we need to be laser-focused on what really will make us successful going forward. Based on this, the senior leaders of Klarna have made some really tough decisions. Some of the hardest ones we have ever had to make.

Together we have re-evaluated our organizational setup to make sure we can continue to deliver on our ambitious targets.

We have done this evaluation based on two principles:

- Do we have the right teams focusing on the right things?
- Do we have the right people in the right place?

It saddens me to say that as a result of this, approximately 10% of our colleagues and friends across all domains in the company will be impacted.

I want to start by saying that the vast majority of Klarnauts won't be impacted, and will continue to be part of Klarna's journey. However, unfortunately, some of you will be informed that we cannot offer you a role in the new organization. Instead, if you are working in Europe, you will be offered to leave Klarna with an associated compensation. Outside of Europe, the process for impacted employees will look different depending on where you work. You will obviously receive more information about this very soon.

So, what will happen now?

It is important to us that everyone impacted is informed in a personal, individual conversation. We hope you will allow us some patience as we try to support and guide everyone through this, in the best way possible.

Colleagues and friends who are impacted will receive an invite to a conversation within the next few days. The invite will be titled "Meeting regarding your role at Klarna". In this meeting, you will be provided with further information about the next steps.

The information I have shared just now will be available on our internal channels. I will also send an email to everyone in the company with the link to the recording and relevant information. It will also be made available on our external website. In consideration of the privacy of the people affected by these changes, we ask everyone to work from home this week. We are fully dedicated to provide clarity and support for all Klarnauts through this challenging time, as fast as humanly possible. This is our priority.

I, together with the management team and all senior leaders are deeply saddened by seeing friends and colleagues leave. I want to thank each and every one of you for your hard work and above all your contribution to Klarna and

our mission.

Lastly, I want to highlight that Klarna continues to hold a strong position in the market. We have a diversified business that distinguishes us from the competition. Therefore I do remain relentlessly optimistic about Klarna's future,

despite what we now need to go through.

Take care of yourselves and each other.

Author: Sebastian Siemiatkowski, CEO, Klarna

Source: [Klarna](#)



Dan Coates • 1st
Solution Evangelist at ACI Worldwide
1mo • 🌐

...

#TuesdayNewsday - BNPL for daily spend

Whether you think it's a good idea, or a bad idea, it's happening anyway. **Chevron** (and its brands) are now explicitly accepting BNPLs Zip and Klarna.

<http://ow.ly/Gfm350J34qF>

The author lays out the concern pretty clearly here. Recurring consumables aren't a good match for BNPL (unless you're only hitting the pump every 6 weeks, which is applicable to virtually nobody that I'm aware of.) However, I can definitely see this as an option for fuel adjacent businesses - auto repair or tire replacement could work out well for the consumer - giving them time to pay for a large ticket over a longer period of time.

Ultimately, the best choice is likely an old school rainy day fund. However, it's interesting to note the options available in the market and one must acknowledge where things are going.

Do you have thoughts or opinions about BNPLs in the C-Store / Petro space? Of course you do - COMMENT below. LIKE and FOLLOW me for more great content!

#bnpl #payments #technology #innovation #cstore #petroleum



Is Fuel Up Now and Pay Later the Answer to High Gas Prices?



Innovation In Payments

Matthijs Koorn • 1st
1mo • 🌐

There seems no end to the BNPL wave of announcements despite new regulation as **Visa** BNPL Partner Program Aims to Fill 'Capability Gap' for FinTechs, Banks.

The velocity of buy now, pay later (BNPL) — measured in payments volume and millions of users — makes last weekend's Kentucky Derby race look slow by comparison.

PYMNTS' data underscores appeal and the uptake of the credit offering, which allows consumers to break up payments into equal amounts across weeks or months.

At the end of last year, PYMNTS found that 50 million consumers had used BNPL at least once in the past year. And more recently, industry estimates show BNPL could be worth as much as \$3 trillion by the end of the decade, up from \$125 billion today.

To log that astounding growth rate, to get the tailwinds in place, **Arvind Ronta**, global head of BNPL/installment at Visa, told PYMNTS' Karen Webster that ongoing pilot programs by the payments giant will enable unused credit lines at traditional financial institutions (FIs) to be transformed into BNPL offerings, and also help broaden the provider landscape itself.

This turns any FinTech into a BNPL provider, too, armed with the ability to underwrite the loans and issue virtual cards that can be used anywhere Visa is accepted.

The payments network said that it has 20 partners already on board. The partners that are live include **The Bancorp**, **Canopy Servicing**, **Cybersource**, **Equinox**, **Everyware**®, **FIS**, **Global Payments Inc.**, **i2c Inc.**, **JUSPAY** Technologies, **Marqeta**, **ONTAB Inc.**, **PEACH PRODUCTIONS FINANCE LIMITED**, **Provenir**, **Quest Payment Systems**, **Skeps**, **Splitit**, **Sutton Bank** and Visa DPS.

"We are supporting all sides of the ecosystem — and enabling them to offer installments — in a seamless way during the purchasing experience," Ronta said.

Fraud, Risk & Security

ACI Worldwide and NORBr Partner to Help eCommerce Businesses Across the Globe to Drive Revenues

ACI Worldwide (NASDAQ: ACIW), the global leader in mission-critical, real-time payments software, and NORBr, the leading global payment services distributor platform for digital merchants, and leading payment services marketplace for digital merchants, have announced a partnership. The collaboration allows merchants to connect to ACI's merchant solutions, including ACI Secure eCommerce, ACI Omni-Commerce and ACI Fraud Management for Merchants.

NORBr connects merchants with certified payments providers, managing and benchmarking all payment services through a single API, for free. The company offers a no-code routing engine to send transactions to the most relevant payment service providers.

ACI solutions available via the NORBr Marketplace include:

- ACI Secure eCommerce - Holistic payments platform that combines a powerful payments gateway offering merchants access to an extensive global payments network, fraud management and full support for compliance with strong customer authentication requirements under PSD2
- ACI Omni-Commerce - Secure omni-channel payment processing platform that supports merchant's in-store, online and mobile needs, offering support for multiple card payment types (credit, debit, pre-paid, EMV and contactless), global schemes (Apple

Pay and Google Pay) and alternative payment methods (PayPal, Klarna, iDEAL, Alipay, etc.)

- ACI Fraud Management for Merchants - Real-time, multi-layered fraud management solution to meet the requirements of eCommerce merchants and payment service providers (PSPs)

"We are delighted to work with NORBr allowing merchants in Europe, and in France in particular, easy access to ACI's award-winning merchant payment solutions," commented Nigel Reavley, country manager – France, ACI Worldwide. "ACI's merchant solutions give thousands of merchants and PSPs globally the tools and technology to increase conversion rates and grow their businesses, by making payments part of a smooth, seamless and secure customer journey."

"Against the backdrop of rising eCommerce transactions in Europe and worldwide, we are delighted to welcome global payments giant ACI Worldwide to our payment network," commented Janelle Sha, EVP Strategy and Growth, NORBr. "Our unique marketplace connects digital merchants with payment providers, to ensure order fulfillment from the merchant's website wherever their customers are located. It allows merchants to focus on their business, increase conversion rates and ultimately drive revenues."

Source: [ACI Worldwide](#)

ID & Biometrics

Clearview AI fined in UK for illegally storing facial images

Facial recognition company Clearview AI has been fined more than £7.5m by the UK's privacy watchdog and told to delete the data of UK residents.

The company gathers images from the internet to create a global facial recognition database.

The Information Commissioner's Office (ICO) says that breaches UK data protection laws.

It has ordered the firm to stop obtaining and using the

John Edwards, UK information commissioner, said: "The company not only enables identification of those people, but effectively monitors their behaviour and offers it as a commercial service. That is unacceptable."

Mr Edwards continued: "People expect that their personal information will be respected, regardless of where in the world their data is being used."

The ICO said Clearview AI Inc no longer offered its ser-



personal data of UK residents.

Clearview AI chief executive Hoan Ton-That said: "I am deeply disappointed that the UK Information Commissioner has misinterpreted my technology and intentions. "We collect only public data from the open internet and comply with all standards of privacy and law.

"I am disheartened by the misinterpretation of Clearview AI's technology to society."

'Unacceptable' data use

The ICO says that, globally, the company has stored more than 20 billion facial images.

Clearview AI takes publicly posted pictures from Facebook, Instagram and other sources, usually without the knowledge of the platform or any permission.

vices to UK organisations but, because the company had customers in other countries, it was still using personal data of UK residents.

In November 2021, the ICO said the company was facing a fine of up to £17m - almost £10m more than it has now ordered it to pay.

The UK has become the fourth country to take enforcement action against the firm, following France, Italy and Australia.

Lawyer from American firm Jenner and Block, Lee Wolosky said: "While we appreciate the ICO's desire to reduce their monetary penalty on Clearview AI, we nevertheless stand by our position that the decision to impose any fine is incorrect as a matter of law.

"Clearview AI is not subject to the ICO's jurisdiction, and

Clearview AI does no business in the UK at this time."

'Search engine for faces'

The company's system allows a user to upload a photo of a face and find matches in a database of billions of images it has collected.

It then provides links to where matching images appear online.

The ICO found that Clearview AI Inc breached UK data protection laws by failing to:

- use the information of people in the UK in a way that is fair and transparent
- have a lawful reason for collecting people's information
- have a process in place to stop the data being retained indefinitely
- meet the higher data protection standards required for biometric data

It also found the firm had requested additional personal information, including photos, when asked by members of the public if they are on their database.

The ICO's action comes after a joint investigation with the Office of the Australian Information Commissioner.

Mr Edwards said: "This international co-operation is essential to protect people's privacy rights in 2022.

"That means working with regulators in other countries,

as we did in this case with our Australian colleagues."

Clearview AI has long been a controversial company.

Its founder Hoan Ton-That insists that the firm's mission is to "help communities and their people to live better, safer lives" and that all the data it has collected is freely available on the internet. He says Clearview's enormous database of faces has successfully helped law enforcement to fight "heinous" crimes.

Clearview no longer does business in the UK, but its previous clients include the Metropolitan Police, the Ministry of Defence, and the National Crime Agency. However, its entire database of 20 billion images, which inevitably includes UK residents, will still be available to those it works with in other countries.

Will we ever know who was actually on it? Probably not - but if there are photos of you on the internet, then you may well be. And you are very unlikely to have been asked if that's OK.

When Italy fined the firm €20m (£16.9m) earlier this year, Clearview hit back, saying it did not operate in any way that laid it under the jurisdiction of the EU privacy law the GDPR. Could it argue the same in the UK, where it also has no operations, customers or headquarters?

It can now challenge the ICO's decision - and perhaps it will.

Source: [BBC](#)

Next Gen POS, Checkout

Stripe launches **Stripe Apps** to help **businesses** build or discover tools that work seamlessly with Stripe

Stripe, a financial infrastructure platform for businesses, today released Stripe Apps and the Stripe App Marketplace. As an ecosystem of popular third-party tools, Stripe Apps addresses a fundamental challenge for growing businesses and meets a top request from Stripe users.

To compete in the internet economy, businesses utilize a wide variety of software tools. Even if they're using Stripe to process payments, they might use separate tools to send a refund confirmation and close out the associated customer support ticket. While these tools are helpful, they introduce the friction of manual coordination and the potential for human error as users switch between them. Stripe Apps unites many of the tools that businesses rely on, making it easier to complete common tasks in one place.

New integrations to streamline operations

Stripe Apps allows businesses to simplify operations and combine fragmented workflows. For example, using the Intercom app in the Stripe App Marketplace, a customer support agent can see a customer's full support history and directly reply to support tickets in the customer details page of the Stripe Dashboard.

"With the Intercom app integrated into Stripe, our customers can investigate issues, answer payment queries, approve refunds, and more from the Stripe Dashboard. They can do all this while still providing real-time, in-context support to customers via the Intercom messenger," said Des Traynor, cofounder and chief strategy officer at Intercom.

Stripe Apps makes it possible for businesses to customize Stripe for the first time. It also enables automated sharing of contextual information across apps, keeping systems of record in sync and giving users a fuller view of their business.

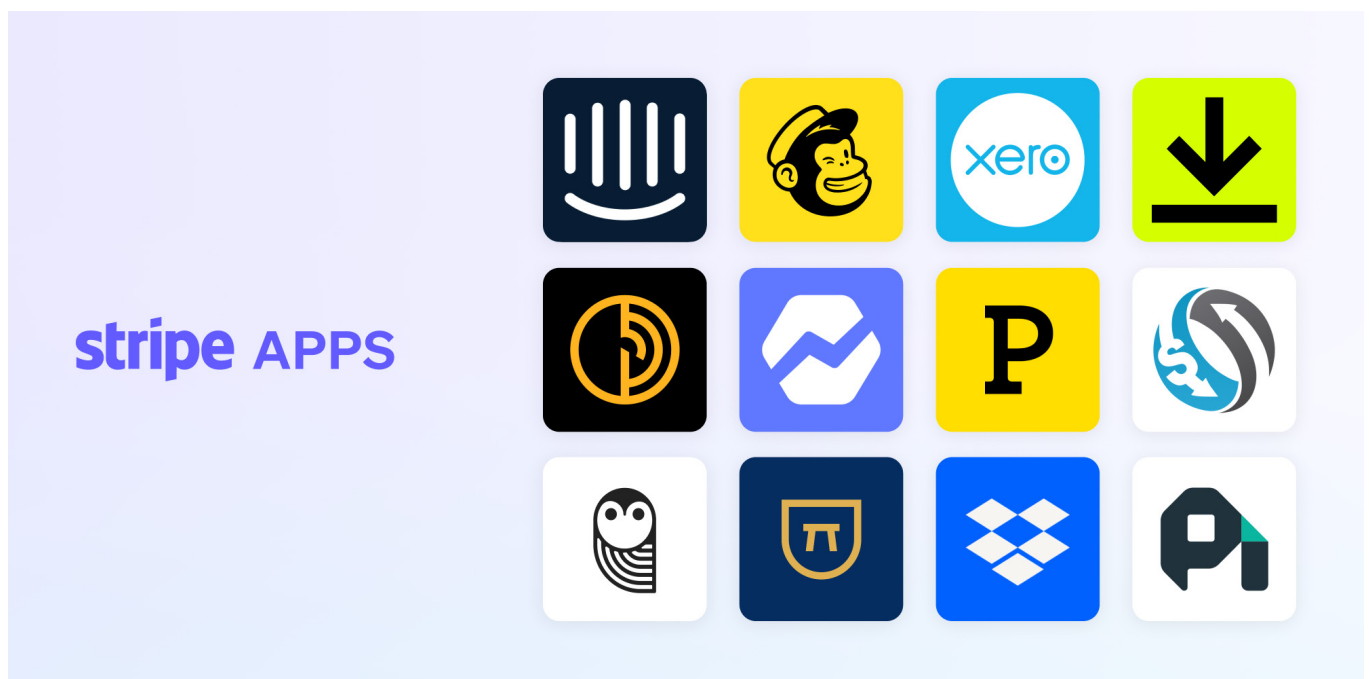
"Let's say, for example, a business owner wants to automate a targeted message when a customer makes a purchase, sending them a specific discount offer to encourage repeat purchases. The Mailchimp app automatically syncs this customer's information between Stripe and Mailchimp, streamlining their operations and saving them time," said Jon Fasoli, chief product and design officer at Mailchimp.

Apps for every use case, for every business

The Stripe App Marketplace includes apps for an array of core business functions, like accounting, analytics, CRM, eSignature, marketing, and more. At launch, it will include more than 50 apps from leading providers like DocuSign, Dropbox, Intercom, Mailchimp, Ramp, and Xero. Stripe will add more partners and apps over time, as well as apps in non-English languages.

Developers can build and publish apps in the Stripe App Marketplace to reach the millions of businesses that use Stripe. Alternatively, they can develop custom apps for use within their company. For example, they could build an app that displays information from internal CRM and ERP systems in the Stripe Dashboard.

While apps are visible and interactive in the Stripe Dashboard, they also operate in the background. There, they



draw on the full power of Stripe's API to perform tasks like creating a customer account, updating an existing customer record, or generating an invoice.

"With Stripe Apps, businesses can customize Stripe with their SaaS tools to best serve their customers. We're excit-

ed for this new chapter and can't wait to see the ingenuity of all the apps that developers will build in the months and years ahead," said Bowen Pan, head of product for Stripe Apps.

Source: [Stripe](#)

Global Payments Trends

Top SIX Digital Payments Countries About to go Cashless

With digital transformation, the transaction landscape is leaving the concept of cash behind. We list the top five countries going cashless.

Mobile payments, ewallets, tap-to-pay, and of course, debit and credit cards, are now the most commonly used payment vehicles globally. Cash is dying out, used only by a limited number of vendors and in general, by an ageing demographic.

Children today track their pocket money through super-apps, with piggy banks and coin purses viewed as relics from a bygone era. The age of digital currencies encroaches ever closer as notes and coins are gradually being replaced by new technologies.

#6

United Kingdom

Despite its being the fintech leader of Europe, and only second globally to the USA when it comes to fintech enterprise, the UK sits in sixth place when it comes to swapping cash for 100% digital transactions. According to a study by UK Finance, use of cash at the point of sale has decreased by 35% since 2020 as a direct result of the pandemic.

#5

Finland

While they never made much headway at Eurovision, Finland is speeding towards a cashless future and could even overtake its current European rivals on the leaderboard. Finland also currently ranks second to Ireland in terms of

frequency of use of cards. It is fifth in ecommerce spending as a percentage of GDP and number three in online banking adoption. According to the Bank of England, Finland is predicted to become completely cashless by 2030.

#4

The Netherlands

With 91% of the population of Holland having embraced digital payments and debit cards, carrying cash in The Netherlands is not commonplace. But, research shows there is a natural reticence to embrace credit - a cultural unease that may hold up the journey towards a cash-free society. However, the Dutch have adopted new technologies with gusto, with data revealing that Holland is Europe's leading country for cashless smartwatch payments.

#3

Norway

According to the World Bank, with 98% of its citizens having embraced the debit/credit card system, Norway could be the first country in Europe to declare itself cashless. Furthermore, data shows that in 2021, only between 2 and 3% of transactions at the point of sale in Norway were carried out using cash. Norway's central bank says that only 3–5% of all point of sale transactions were carried out with physical cash—with three out of every four card transactions being contactless.

What's more, over 95% of the population use mobile payment apps—and as of 2020, apps were the most popular way of transferring money peer-to-peer, accounting for



nearly 80% of all transfers.

#2 China

In November 2020, China's finance ministers announced the rollout pilot programme of the digital Yen - a scheme that saw thousands of citizens offered the equivalent of US\$40 to spend in an ewallet as a test to see how well a Chinese Central Bank digital currency would function. By the time the Chinese Winter Olympic Games kicked off in February 2022, the experiment has collected two years worth of data and had seen \$13.68bn worth of payments

circulated. While there remains a heavily cash dependent demographic within China, the country is expected to attempt to go entirely cashless within the next two to three years.

#1 Sweden

Although it was the first country to issue banknotes, Sweden is the most cashless society in the world today, with just 32 ATMs in operation per 100,000 people, and with more than 98% of its citizens own a debit/credit card. It also ranks as one of the top countries utilising mobile payments. The first European country to issue banknotes, Sweden looks

set to be one of the first European countries to get rid of them.

Another area that Sweden is leading in, is mobile payment adoption. It is one of the top countries for contactless mobile payments and some studies suggest that physical cash could be eradicated from its economy by 2024.

Author: Joanna England, Editor, Fintech Magazine
Source: [Fintech Magazine](#)

Industry Perspectives

Card terminals without contact

Verifone®

24 May 2022 will be marked as a black day for the German payment industry. The simultaneous outage of thousands of Verifone H5000 terminals across Germany caused the loss of sales in brick-and-mortar retail, which is just getting back on its feet after the enforced Covid break.

The outage caught both retailers and customers, who have become accustomed to shopping without cash, unprepared. Many will now opt to use a competitor if their favoured store is unable to take card payments, or if loyalty cards cannot be updated. For retailers, the effort to update or replace thousands of terminals is very high - and the additional cash logistics cause costs for more secure cash transports and more change.

The cause of the Verifone outage is likely to have been a problem with expired certificates, which also prevented the use of an update applied via remote maintenance. Now every single terminal will have to be manually updated or replaced if it is to contact the network again. The affected terminal type, Verifone H5000, on the market since 2011, is considered obsolete and should have been replaced long ago. Nevertheless, many tens of thousands of these devices in use in Germany, out of a total of almost one million terminals. What makes sense ecologically - to use functioning hardware longer - in this case became a technological risk. The extension of the approval of the outdated software version TA 7.1 by the DK (Deutsche Kreditwirtschaft) until the end of 2024 does not provide incentives to replace outdated devices quickly.

P2PE and thin clients protect against failures

The use of digital certificates is not without an alternative. Certificates, which always have an expiry date, can be dispensed with if the payment provider protects communication with point-to-point encryption, for example. For this purpose, there is the PCI P2PE standard (point-to-point encryption), which we use at Computop. P2PE is much more secure than digital certificates, but many payment providers shy away from the expense of P2PE. Retailers should re-evaluate this in the future.

Another difference: the Verifone H5000 is a so-called standalone or fat terminal with its software contained in the device. Therefore, each of these terminals now needs an update. The alternative to this are so-called thin clients, which use a large part of the software via a connection to a terminal server in the cloud. For software updates on such devices, it is usually sufficient to update the cloud software.

What traders should look for in terminals

Those who replace their terminals today should also consider omnichannel and the appropriate payment methods to meet customers' expectations. Can the terminal also carry out QR code payments? Are vouchers and bonus cards integrated? And if this is already being considered, should a customer need to go to the checkout at all? This is sure to be a key topic at MPE 2022, and visitors will expect answers to their questions.

Source: Computop

Why We're Excited About: Payments 3.0 - A Whole New World of Payments

The world of payments is changing rapidly. We believe we have reached a pivotal moment that will change the way we think about payments and result in many new players entering the ecosystem.

Today, companies whose raison d'être is far from fintech find themselves needing to process payments transactions in very large quantities; we refer to this phenomenon as the "fintechization of consumer businesses." The

historical infrastructure which only supported financial institutions with payments is therefore increasingly unfit for purpose. While open banking for payments is still in its infancy, we expect to see growth in adoption when the UK introduces Variable Recurring Payments (VRP) in July. At the same time, the broader adoption of digital assets and cryptocurrencies has highlighted how non-traditional technologies can be used for traditional payments.

Managing payment complexity

Change is particularly apparent when you look at the consumer side of the market. Merchants today have no choice but to think carefully about payments. Many of them are important access points into the payments workflow. We have seen our portfolio companies building teams of 10 people or more, just to manage all the different payment methods for relatively small businesses. Larger merchants have teams of hundreds managing reconciliation, payment flows, and fallbacks. While this may seem unusual, online merchants often find that the underlying business they are running is functionally a fintech.

One of our portfolio companies, smol, illustrates this trend. As an online retailer selling eco-friendly home-ware products direct to consumers, smol did not set out to deliver multiple payments solutions to its clients. Nonetheless, the needs of its clients push the company to offer and maintain a range of checkout and payment systems in multiple currencies and methods.

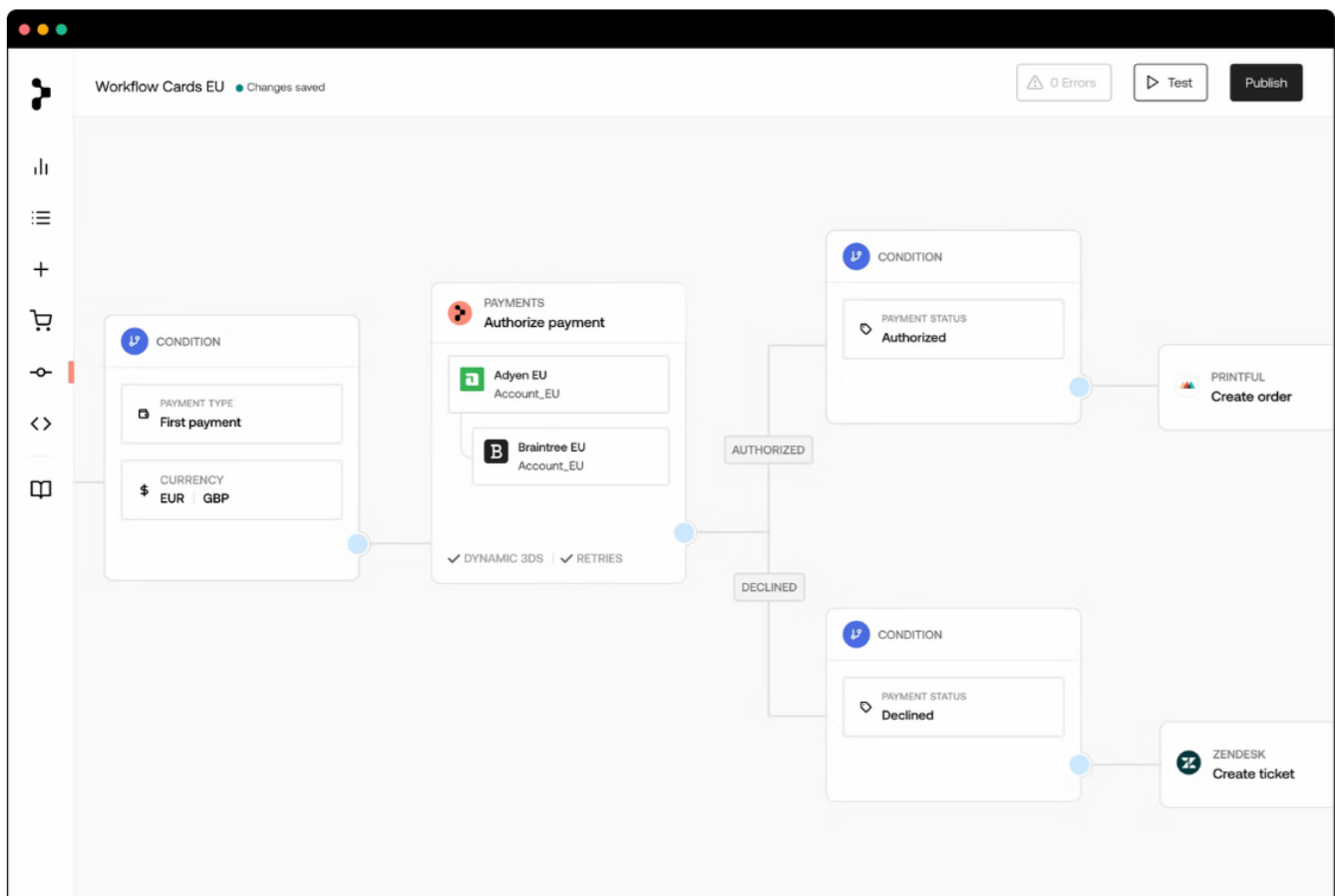
There is, therefore, an increasing need for out-of-the box solutions that reduce complexity. Primer, for example,

offers a no-code solution that gives merchants the ability to build, connect and control their entire payments workflow and quickly connect to Stripe, Klarna, GoCardless and other providers. This allows companies like smol to focus on core business, without requiring a large team of payment specialists.

Revenue streams

As the payment sector evolves, one school of thought is that the variable cost of payments should trend to zero and become free. While this goal has been an aspiration for more than 30 years, in reality, it is still nowhere near true. High-cost payments from providers like Klarna or Bolt in the US are growing quickly because they offer the convenience consumers value. Convenience leads to client conversions so merchants like Klarna-style payments too. They need customers to find easy ways to pay and maximize conversion. If that costs them 2%, they will happily pay that. There will always be value in the stack if it helps to drive conversion.

Businesses also need a robust architecture that can deal with payments as well as chargebacks, credit risk on some payment methods and other edge cases. There is a cost for this. Even if the movement of the payment was



free, there is work needed before and after the actual transfer. Take the example of fraud. There is a need to provide KYC and other checks which often use data from a third-party source and therefore have a cost. Providers will always have to charge a meaningful amount for payments. They will undoubtedly become cheaper. But payments will not go to zero.

New Markets

As we look to the year ahead, there are several areas we think are particularly exciting. The first is services that convert fiat to and from crypto. These two worlds were once a long way apart, with very clunky on-ramps to crypto, bad interfaces and long lags when changing fiat into crypto or vice versa.

Native crypto wallets offered easier access to the crypto markets and the experience of using exchanges has become ever more regulated and user-friendly. Today, these wallets aren't even necessary. Ramp, one of our recent investments, allows users to acquire the digital assets they need inside of the application they already have open, using their preferred credit card. This makes buying digital assets as straightforward as buying USD when making a purchase from your favorite American brand in Euros.

It has often been difficult to take crypto from inside an application environment and get it back out to card, because of fraud issues and KYC. The next innovation will make this off-ramp as seamless as the on-ramp. We've gone from two separate worlds which were very hard to link to a new world where you can invest in crypto without needing a wallet.

The second is direct B2B payments that mirror C2C payments. We are seeing more B2B marketplaces with online checkouts that resemble e-commerce sites and allow card payments. There is a company called Melio in the US that allows businesses to pay invoices by card and it is now huge. Companies are beginning to use Open Banking for payments and we are seeing a lot of players offering a Klarna-style BNPL invoice financing to businesses. In Germany, Billie is already offering BNPL services for businesses. We expect a lot of growth in this space and think it is very likely that a B2B payments founder will start a company that becomes as big as Klarna.

Startups that improve payment flows in specific industries such as medical and education are also likely to win during the evolution of Payment 3.0. Balderton previously invested in Flywire, a global payments enablement and software company that specialises in delivering complex payments for clients. It has led the way in upgrading payments in education, insurance and healthcare in the US

and Europe. There are big businesses to be built that facilitate payments analogue consumer-facing businesses. Companies that allow modern payments infrastructure to be built on top of legacy systems are likely to flourish in the coming years. Numeral, a Balderton portfolio company, automates payments across banks with an API and works with legacy banking standards for payments. It is answering the question of how to make decades-old payment methods feel like API-driven interfaces for modern businesses. We expect to see other founders start big companies that allow old systems to interact with new technology.

European Innovation

Innovation is taking place across the world, but we unequivocally believe that Europe will lead the payments market, whether that be B2B, C2C or account-to-account. The frequency and complexity of multi-currency payments have always been greater in the region than anywhere else. We would also argue that a lot of the innovation in Payments 1.0 and Payments 2.0 came from Europe. Payments in Europe are substantially cheaper and faster than in the US, and they will continue to be so.

Given it is the leading centre of payments and FX markets and has the most complex challenges, Europe will continue to lead the way in Payments 3.0. We look forward to meeting the founders who are creating the businesses which will be at the vanguard of this next wave.

Source: [Balderton](#)

Industry reports

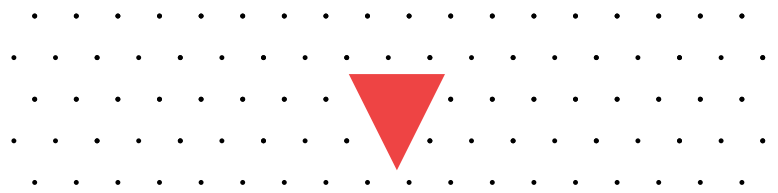
OPEN BANKING READINESS INDEX:

THE FUTURE OF OPEN BANKING IN EUROPE

A 2021 REPORT



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Introduction

Open Banking first went live in 2018 in the UK as a means of allowing secure access to and control of consumer banking and financial accounts through third-party service applications. This new approach has the potential to reshape the competitive landscape and consumer experience in the banking industry.

In 2018, the adoption of the revised payment services directive, PSD2, set the stage for Open Banking across Europe. Coming into force in September 2019, PSD2's Open Banking mandate provides open access to customer payment accounts. From a legal perspective, PSD2's framework enables Open Banking by permitting bank clients and businesses to use third-party service providers to manage their finances.

In practice, Open Banking in Europe uses Open API technology to enable third-party service providers and banks to build new customer centric financial applications and services. At the same time, bank clients have made their smartphones the centerpiece of modern living and digital banking, which challenges European banks to focus on improving the bank client's digital experience.

Three years post UK go-live in early 2018, and 18 months after the Open Banking provisions of PSD2 came into force, Open Banking is playing a significant role in stimulating innovation in financial services, implementing immediate payment services, and launching digital payment service schemes enabling payments directly from bank accounts.

Across the continent, all European countries are now home to either regulator-driven or industry-led open banking initiatives and new digital payment service schemes which extend digital banking services to merchants and P2P money transfers.

However, European countries have each forged their own path to the implementation of Open Banking. This report compares selected European markets in terms of their regulatory readiness adopting the PSD2, their Open Banking API readiness, the digital infrastructure readiness, and notable Open Banking innovation.

OBJECTIVE OF THE REPORT

The objective of this report is to provide an Open Banking readiness status for ten selected European countries in March 2021. Our report:

- describes common elements between these different approaches at a country level
- highlights the differences between Open Banking implementations at a country level
- identifies the more advanced regulatory regimes with regard to Open Banking
- assesses Open Banking readiness at a country level
- outlines notable account-to-account (A2A) payment service scheme initiatives at a country level

Each of the brief country reports below provides insight into that country's individual Open Banking characteristics, the status of digital A2A payment schemes, and the country's Open Banking readiness in March 2021, including:

- overview characteristics
- digital banking Infrastructure readiness
- notable Open Banking details in the country
- Open Banking Readiness Index position
- selected case studies regarding successful digital payment service scheme initiatives

In particular, the report provides insight into the different individual approaches taken by ten European countries:

- **The UK** – a post-Brexit strategy to build a world-leading digital Open Banking ecosystem
- **France, Italy, Spain** – Open Banking as a vehicle for digital transformation of domestic payment ecosystems
- **Germany** – a collaborative German-specific approach to the development of Open Banking
- **Denmark, Norway, Sweden** – the Nordic collaborative models and the P27 initiative
- **Poland, Hungary** – Open Banking as a vehicle for leapfrogging away from legacy banking infrastructures

The 2022 Global State of Cross-Border Commerce

Report: Rapyd - MPE 2022 Platinum sponsor



competitors. Other reasons to prioritize cross-border commerce include an awareness of new opportunities outside existing markets (57%), requests from prospects outside of current markets (42%), existing markets are fully penetrated (33%), sales decline in existing markets (26%) and experiencing an economic slow-down (24%).

While the opportunity to sell and buy cross-border has clearly gained prominence, organizations of all sizes and industries are faced with a multitude of barriers as they seek to penetrate international

Rapyd Research Finds that 93% Of Businesses are Prioritizing Cross-Border Commerce in 2022

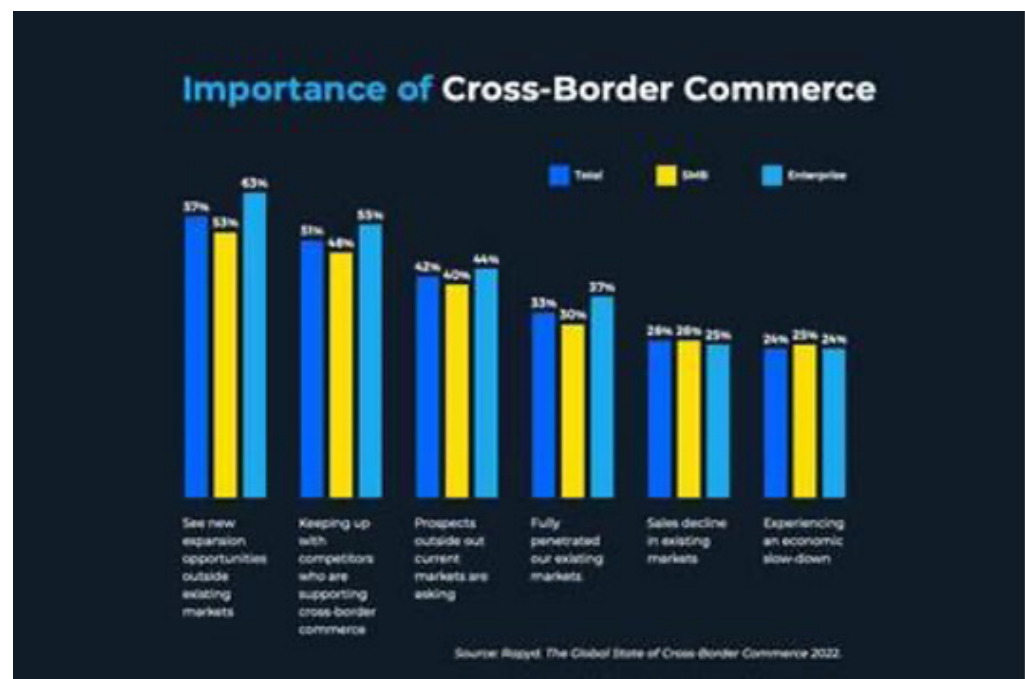
Customer acquisition, risk management, and local payment solutions are the top operational challenges

Rapyd, a global Fintech-as-a-Service company, today published a new report "The 2022 Global State of Cross-Border Commerce" to assess the level of organizational readiness amongst businesses for cross-border commerce. Expected to reach \$153 trillion globally, growing at 5% CAGR, cross-border commerce is a high priority in 2022 for 93% of the businesses big and small surveyed across the United States and Europe.

The reasons driving companies to pursue cross-border commerce vary, but more than half (51%) of businesses surveyed believe cross-border commerce is necessary simply to keep up with their

markets. New customer acquisition is the biggest operational challenge according to 36% of businesses, followed closely by risk management at 35%.

Simultaneously, cross-border decision-makers clearly indicated that managing data security risk (52%) and the ability to accept local payments (49%) are most impor-



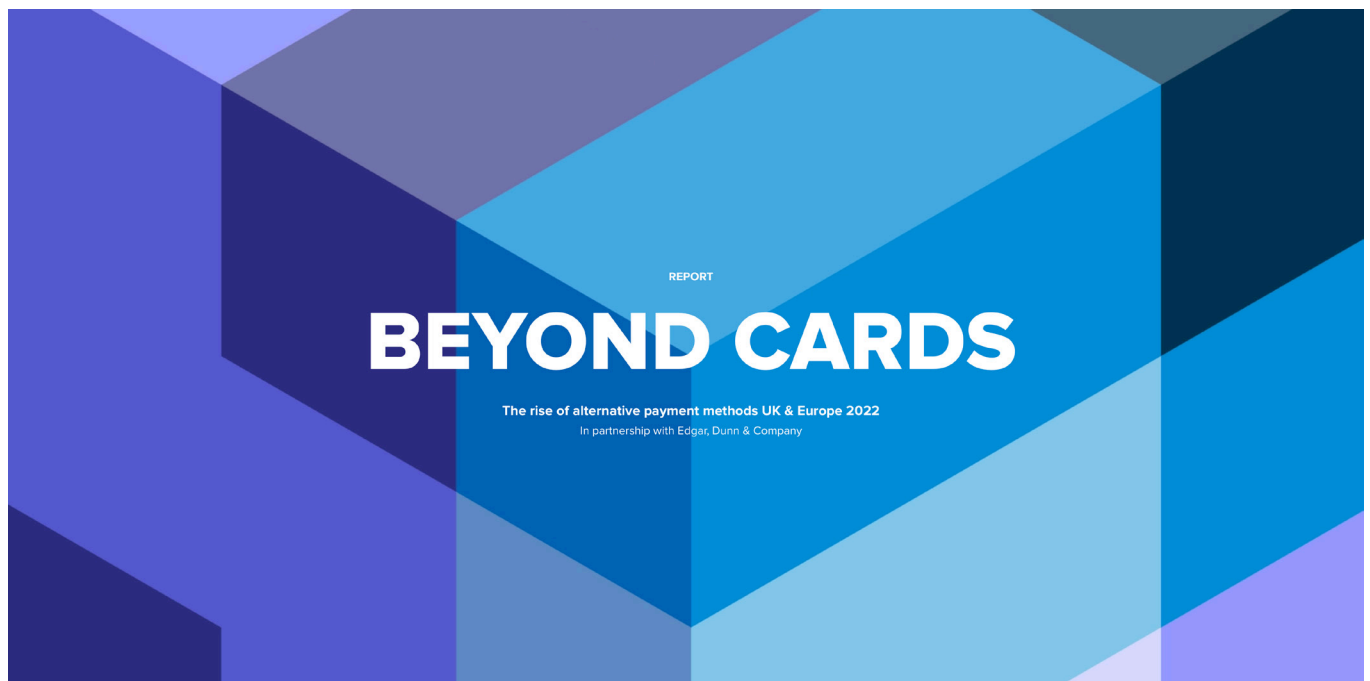
tant for growing their cross-border commerce. There is no denying that cross-border commerce is exploding, and while businesses large and small acknowledge it is a priority, there are serious operational challenges that many organizations need to resolve in order to reap the benefits of this massive opportunity," said Arik Shtilman, CEO and Co-Founder of Rapyd. "Of the 52% that ranked risk management as most important for cross-border growth, only 27% of those businesses have succeeded in fully implementing a solution. This gap exists across our findings, that despite businesses knowing what they need to do, they have yet to implement the critical tools necessary to successfully access billions of new customers around the globe."

Other key findings and recommendations in the report demonstrate necessary business practices such as:

- Localizing digital experiences is critical to conversion: From website content with language translation, currency presentation, and customer support teams to accepting local payment methods of all kinds, localization will significantly improve cus-

tomers experience and build the local credibility and trust required for conversion.

- Outsource risk management to specialized vendors: A leading concern for businesses considering cross-border expansion is the numerous risks involved. Businesses can reduce this burden by working with vendors and partners that specialize in areas such as security, fraud, ID verification, and more.
- Integrate cross-border initiatives into an overall business plan: When planning and implementing cross-border initiatives, organizations should consider where else these practices can benefit their business.
- The report is based on a survey of over 900 cross-border commerce decision-makers at both SMBs and large enterprises from a broad set of industries across the US and Europe. The full report can be seen [here](#).

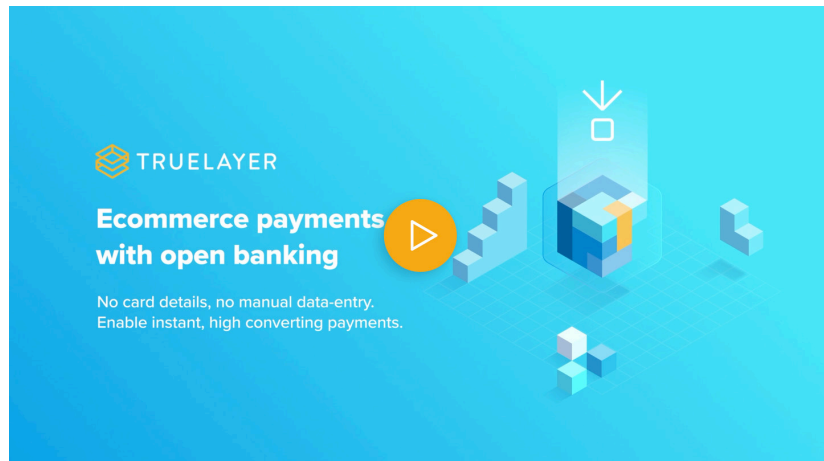


Ecommerce is **outgrowing**
card payments — here's why

Report: Truelayer - MPE 2022 Gold sponsor

Card payments have been incredibly successful at driving global commerce over the last century, but they weren't designed for digital commerce. They were invented in the 1950s by a businessman who forgot his wallet in a restaurant.

Consider the last time you made a card payment online.



Maybe you searched for your wallet. You probably had to type in your 16 digit card number, expiration date and CVV code – or had to accept risk by trusting a website to store them (there were £574 million of unauthorised card payments in the UK in 2020, according to UK Finance).

Perhaps you had to confirm your identity several times (because of new Strong Customer Authentication measures, implemented badly). If you were lucky, your payment didn't fail (5–15% of card payments fail). And how many of your online subscriptions have been paused because of cancelled or expired cards?

We've gotten used to these experiences, but the truth is that cards are old form factors that have been retrofitted to digital commerce. The result is poor user experience, operational problems, high fees and fraud.

But it's more fundamental even than that. It's a business model problem. There are seven parties involved in every card transaction: the customer, the payment gateway, the card scheme, the payment processor, the merchant's bank, the merchant and the customer's bank. And often others too (payment facilitators, checkout providers, dispute management systems and so on). That means more cost, more complexity and more points of failure.

Tokenisation and wallets like Apple Pay have papered over some of the cracks in payments experience, but they're built on top of the same old, costly, complex card infrastructure.

Digital commerce is unstoppable in the UK and Europe,

and through the pandemic we've seen the momentum build. As commerce continues to shift online, we need payment methods that enable innovation and businesses to flourish.

Enter open banking payments

In 2015, policy makers in the UK and Europe brought in open banking and it is already underpinning much of the payments innovation we are seeing today.

Open banking enables customers to pay straight from their bank account at checkout, instead of using a card. It involves fewer intermediaries, which minimises cost and friction. Payments settle instantly and authorisation rates are high. They're incredibly safe since card details are not shared.

They're also easy to use: you just need a mobile phone and a bank account.

Refunds, a huge issue for retailers, have often been considered the Achilles heel of open banking, because they were not included as an original feature. But open banking providers like TrueLayer have changed this, making refunds as instant as the initial payment.

Open banking is still evolving as a payment method – and we have some details to figure out. But it is the best opportunity the industry has to create a fair payments framework for businesses, which delivers a better experience for customers.

You can read more about the rise of open banking at the end of this report. I hope you find this guide useful – and we'd love to hear your feedback.

[Read full report here](#)

As commerce continues to shift online we need a payments system that enables innovation and businesses to flourish



Payments without barriers: Focus on Denmark

White paper: Banking Circle - MPE 2022 Silver sponsor

In our latest white paper, 'Payments without barriers: Focus on Denmark', we delve into the opportunities and challenges for cross-border trade in the country.

While slow settlement times and high costs are a common barrier for businesses wanting to trade in smaller markets, improved direct clearing via the Danish National Intraday Clearing System is allowing businesses to tap into the market opportunities in Denmark and benefit from faster, lower cost payments and collections. However, there are still barriers when it comes to trading with businesses and consumers in Denmark.

Key findings of the paper include:

- The total cost of payments in Denmark is around

- 0.8% of GDP, according to the Danish Central Bank
- Business-to-business transactions account for 27% of that total, or Danish Krone (DKK) 4.2 billion
- Denmark has the second-highest electronic payments penetration rate in Europe, and the total volume of digital commerce grew by almost 30% in 2020 alone
- However, 37% of companies transacting in and out of Denmark are looking to improve their trade settlement times – 10% higher than the average across Western Europe

[Read full report here](#)

How Payments Can Improve Customer Experience

White paper: Discover Global Services - MPE 2022 Silver sponsor

Opportunity Spotlight

Displace cash to drive financial inclusion online.

The number one growth opportunity in digital payments continues to be cash displacement. More than half of respondents (55%) have used cash in the last 90 days, rising to three in four (75%) in Ecuador. More than one in five (21%) selected cash as their preferred in-store payment method, rising to over one in four (28%) in LATAM.

Sparse bank access, impeding regulations, infrastructure challenges and lack of non-cash payment acceptance can be barriers to cash displacement, particularly in emerging markets such as Latin America. Numerous payment providers have emerged to facilitate digital cash transactions (e.g., Boleto in Brazil), and merchants seeking to court online consumers in emerging markets should consider partnerships to better serve their clientele.

Increase e-commerce growth by enhancing security and fraud-prevention education for both merchants

and consumers.

As e-commerce ramps up, so does the need for advanced fraud-prevention technologies. Merchants must stay up to speed on the rapidly evolving fraud landscape while educating their customers about the safeguards in place to protect them. Failure to do so can damage consumer trust and loyalty. Consider that one in three consumers (33%) feel more secure paying for things in-store than online, which highlights a need for increased security awareness regarding shopping/paying online.

Merchants should also actively inform consumers about how their information is being used for authentication/verification purposes. Interestingly, we found that consumers are reasonably willing to go through additional steps at checkout for enhanced security: 40% were very willing, and another 50% were somewhat willing. While 70% of merchants said they view EMV 3D-Secure and network tokenization favorably, 14% view these payment technologies unfavorably, and another 15% and 17%, respectively, said they are unfamiliar with these technologies. This highlights a need for further education about the benefits of EMV 3DS and network tokenization, particularly with smaller merchants and card-present merchants, which were more likely to be unfamiliar with these technologies or view them unfavorably. Our research also indicated an opportunity for more education on Secure Remote Commerce (SRC) for small businesses and in markets where it's not yet available.

For merchants in countries where SRC is not yet available, nearly two-thirds (62%) were very interested while another quarter (26%) were somewhat interested but wanted more information.

Double down on loyalty programs through new use cases to drive consumer engagement and loyalty.

More than nine in 10 (93%) consumer respondents are members of at least one loyalty program, and roughly two-thirds have more than seven loyalty program memberships. Our survey demonstrated the effectiveness of these programs; 78% indicated that the availability of a loyalty program somewhat or significantly increases their likelihood to shop with one merchant over another. This was particularly the case for Millennials (84%), digital payment power users (90%), digitally advanced consumers (90%) and respondents in Asia (89%). We saw reasonably high interest in next-generation loyalty and card experiences. More than half (54%) of respondents were strongly interested in having their loyalty card linked to their payment card to enable reward point collection/redemption, particularly Millennials (63%), digital payment power users (73%), digitally advanced consumers (73%), and respondents in Asia (69%) and LATAM (66%). We saw

quite a bit of interest in having a payment card that can execute payments in installments (44%), particularly in LATAM (68%). There is also notable interest in using payment cards to store additional credentials such as gym memberships, room keys and access cards.

Support the growth of the gig economy with flexible payout options.

We saw noteworthy consumer participation and interest in the gig economy (e.g., working for ride-sharing and food-delivery providers), with nearly one in five respondents participating in the gig economy in the past year, and another 10% interested or considering participating. Digital payment power users (32%) and Millennials (26%) were the segments with the most participation, and Gen X (18%) had the most interest in participating. Emerging markets indicated the highest participation levels, with Asia leading the charge. Consumers are attracted to the flexibility the gig economy provides, and merchants that operate in the gig economy segment can respond by providing payment services that increase the flexibility of this unique employment model further. We see a specific opportunity in this segment pertaining to real-time payouts, such as after a job or shift is completed. Three in four consumers (75%) indicated that the ability to transfer/receive funds instantly would significantly improve their customer experience. This was particularly the case for Millennials (85%), who have the highest participation levels in the gig economy.

Harness AI/ML to drive more online shopping through personalization and enhanced support.

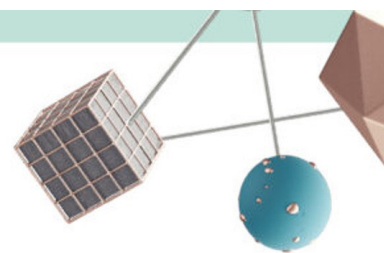
Nearly one in five consumers (19%) said they prefer in-store shopping because they can receive better advice on how to use the product and what accessories to pair it with, and another one in five (21%) preferred to receive assistance from a sales associate before purchasing a product. This highlights an opportunity for AI/ML to provide more personalized recommendations online and through live video support to drive more e-commerce traffic. Leveraging transaction data can be a key input into AI/ML models to power recommendations (e.g., items commonly purchased together) and create visibility into cross-channel purchase history.

Authors:

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McKayla Wooldridge, Associate Analyst, Customer Experience & Commerce

[Read full report here](#)



TRADING CROSS-BORDER IN DENMARK CAN BE SLOW AND EXPENSIVE



37%

of companies transacting
in Danish Krone
want improved trade
settlement times



0.8% of GDP

is the total cost of
payments to the Danish
economy

Now, innovations in direct clearing will make payments
faster and cheaper for businesses trading in Denmark

Opportunities for **cross-border trade in
Denmark: Whitepaper**

*White paper:
Banking Circle - MPE 2022 Silver sponsor*

How can Payments businesses, Banks and Marketplaces support customers that want to sell in Denmark?

As a tech-first Payments Bank, Banking Circle has added direct clearing capabilities for DKK. By connecting to Denmark's national intraday payment system, we are reducing friction for Payments businesses, Banks and Marketplaces by giving them access to faster, cheaper collections.

In addition, through the Banking Circle Payments On Behalf of (POBO) and Collections On Behalf Of (COBO) so-

lution, our clients can offer their customers payments in their own name rather than that of the Financial Institution used to send the payment. This allows for scaling of accounts, while delivering faster on-boarding, improved payment infrastructures, more ownership of payments, and smoother reconciliation.

[Read full report here](#)

Online Merchant Perspectives Fraud & Payments Survey 2022

Survey:

Ravelin - MPE 2022 Silver sponsor

It's fair to say that 2021 was another turbulent year for ecommerce. New Covid variants emerged, causing staggered recovery across the world. Despite the tentative return of in-person buying, ecommerce continued to boom, and it became clear that the digital shift isn't going anywhere.



But with rising digital sales came increasing fraud attacks. New types of fraud are emerging, as fraudsters continue to hone their methods, take advantage of weaknesses caused by the Covid outbreak, and explore tactics that side-step 3D Secure.

In the new report, we've surveyed a whopping 1700+ fraud and payment professionals, making this the largest and most definitive view of ecommerce merchants in 2022. We compared this data to results collected in our 2020 survey report to show you how the landscape is changing, and what you can expect next. It provides insight on fraud trends, tools, budgets, disputes, payments

and more.

So how has your experience of fraud changed over the year? What impact have regulations like Europe's PSD2 had on fraud and conversion rates? You'll have to download the report for the full results, but here are some highlights...

Covid-19 has had an overall positive im-

pact on ecommerce

Would you say the Covid-19 outbreak has had an overall positive or negative impact on your business? We asked survey respondents, and the majority said it's been positive. In 2021, almost 20% more merchants have adopted a positive outlook since 2020.

Order volumes are still high for most industries

Order volumes are increasing for 50% of merchants. Subscription and Digital Goods merchants in particular are seeing sales boom as demand for at home entertainment

stays strong. But some industries aren't thriving to the same extent. Unsurprisingly, Travel & Hospitality merchants aren't as positive, as the industry faced unprecedented disruption due to global restrictions.

Which countries have been worst affected?

The pandemic's impact on ecommerce varies from country-to-country. Merchants based in France are the most optimistic, as 75% have noticed a positive impact, up from 46% in 2020. The pandemic boosted ecommerce in France to become the seventh largest market in the world.

On the other end of the scale, Brazil has seen little improvement in opinion. This could be due to the severity of Covid disruptions - in 2021 much of Europe was back to (almost) business as usual, whereas Brazil became "the epicenter of the global outbreak."

Fraud levels continue to rise and new schemes emerge. You may have thought fraud would slow down in 2022, but the opposite is true. Fraud levels have risen in 2021 even more than in 2020. Around 62% of merchants are seeing new fraud types emerge.

Online payment fraud spiked in 2021

A huge 20% more businesses noticed an increase in online payment fraud in 2021 than the previous year. This was the biggest leap in activity of all fraud types from 2020. This aligns with industry reports that global ecommerce losses to online payment fraud hit \$20 billion in 2021, a growth of over 14% YoY. So it makes sense that most merchants consider it to be their number one threat. Policy abuse is rising more than any other threat.

Refund abuse is rising for 60% of merchants, and promo abuse for 55%. This is up from 51% and 49% respectively in 2020. Policy abuse is spreading fast. Almost a quarter of merchants have seen refund abuse grow significantly in a year. And merchants are starting to recognize it as an important threat, as it's now considered as big a risk as friendly fraud.

Account takeover continues to surge

Almost 60% of merchants have seen an increase in attacks. Digital Goods see the most attacks, as they're victim to an average of 4 attacks per month - one highly disruptive attack every week. But the Travel sector has seen the biggest increase in attacks since 2020, as fraudsters tap into dormant accounts to steal valuable credentials or valuable assets like unused air miles.

Fraudsters are targeting US merchants

If you were thinking that fraudsters might turn their attention to US merchants post-PSD2, you're right. Over 60% of US merchants are seeing online payment fraud rise, compared to under 50% in Europe.

Is Mexico the global hot-spot for fraud?

Fraudsters seem to be honing in on the LatAm region most aggressively. Fraud in Mexico is rising faster than anywhere else in the world, as almost 80% of Mexico-based merchants are seeing online payment fraud increase. Account takeover has also skyrocketed for 70% of Mexico-based merchants. Estimates show that around 20% of new online accounts created in the region are fraudulent.

Are you overlooking important fraud signals?

While every business has unique priorities and fraud signals, the proportion of fraud teams monitoring orders on the web, apps and via discounts is increasing. Around 74% of merchants track website orders, up from 68% in 2020.

But there are still gaps that need to be filled. The number of merchants tracking fraud by call centers has reduced since 2020. It's concerning, as account takeover attacks via call centers are on the rise.

PayPal is an increasingly risky payment method

If you're not using payment method data to assess fraud risk, you might be missing a trick, but you're not alone - over a third of merchants aren't using this information. Some payment types are far riskier than others. PayPal is considered the most risky payment method, after debit and credit cards - 60% ranked it in their top three. Digital wallets like ApplePay and Google Pay are considered quite safe due to biometrics, but they're headache-inducing when it comes to dispute challenges. This could become a bigger problem as usage grows. Half of the world's population will use mobile wallets by 2025!

Fraud teams gain appreciation and investment

Fraud teams, you're getting noticed! Almost 55% of merchants are seeing the business-wide awareness of fraud grow. And fraud budgets and teams are expanding. Over 80% of merchants are getting bigger budgets and almost 90% of CROs plan to recruit more fraud professionals in 2022. Business leaders are shifting their focus to hiring digital specialists and creating crisis-management strategies.

Dispute success rates improved in 2021

In 2021, companies challenged 48% of disputes, and were successful in 66% of challenges. Chargeback dispute success rates were higher in 2021 than 2020 overall. This could be in part due to regulation changes, as Visa updated their chargeback rules.

What's the global impact of PSD2?

PSD2 regulations are now in full force. But the number

of transactions sent through 3DS hasn't increased noticeably YoY. The merchants that are aware of PSD2 have high hopes that it'll reduce fraud, and many are looking to utilize 3DS exemptions.

[Read full report here](#)

Payment Fraud Attacks Against Fintech Companies Soar by 70% in 2021

Report: *Sift - MPE 2022 Silver sponsor*

Sift's Q1 Digital Trust & Safety Index reveals rising fraud across fintech, company releases Trust Intelligence Center for Trust and Safety Professionals.

Sift, the leader in Digital Trust & Safety, today released its Q1 2022 Digital Trust & Safety Index, detailing the increasingly sophisticated—and often automated—tactics cybercriminals leverage to commit payment fraud. Derived from Sift's global network of over 34,000 sites and apps and a survey of over 1,000 consumers, the index reveals that the payment fraud attack rate (the rate of fraudulent transactions blocked by Sift out of total transactions) across fintech ballooned 70% in 2021—making it the highest increase across any vertical in Sift's network. The increase in payment fraud also correlated with massive 121% growth in fintech transaction volumes on Sift's network year-over-year, making this sector an attractive target for cybercriminals.

According to Sift's analysis, these rising attacks, blocked by Sift, were aimed primarily at alternative payments like digital wallets, which saw a 200% uptick in payment fraud, along with payments service providers (+169%), and cryptocurrency exchanges (+140%).

Sift has specifically seen these abuse tactics aimed at buy now/pay later (BNPL) services, which saw a 54% year-over-year uptick in fraud attack rates. In late 2021, Sift's

Trust and Safety Architects discovered a growing number of fraud schemes on Telegram offering unlimited access to BNPL accounts through fake credit card numbers and compromised email addresses—showcasing the array of methods actors in the Fraud Economy are using to target the entire fintech sector.

The Hidden Brand Impact of Payment Fraud

Along with network-wide growth in average daily transaction volumes across every industry, Sift saw an overall 23% surge in blocked payment fraud attacks in 2021. Concurrently, nearly half of survey respondents (49%) report that they've fallen victim to payment abuse over the past one to three years—and 41% of the victims experienced it in the last year alone. Of those victims, nearly one-third (33%) identified financial service sites as the ones that pose the highest risk, which could negatively affect customer trust in the industry.

"Many brands fail to realize that the damage of payment fraud goes beyond the initial financial impact," said Jane Lee, Trust and Safety Architect at Sift. "The vast majority of consumers report abandoning brands after they experience fraud on a business's website or app, diminishing customer lifetime value and driving up acquisition costs. Further, potential customers who see unauthorized charges from a particular company on their bank state-

ments will forever associate that brand with fraud. In order to combat these attacks and grow revenue, businesses should look to adopt a Digital Trust & Safety strategy—one that focuses on preventing fraud while streamlining the experience for their customers.”

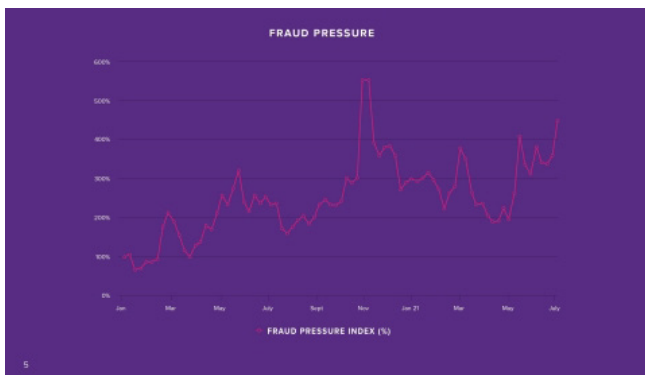
Tackling the Fraud Economy with Sift’s Fraud Intelligence Center

To help trust and safety teams better understand the intricacies of the Fraud Economy, Sift has launched its new Fraud Intelligence Center. Leveraging data from Sift’s global network of 70 billion events per month, the Fraud Intelligence Center will provide trust and safety professionals with the latest data, trends, and expert analysis they need to fight back against the Fraud Economy.

Source: [Globe News Wire](#)

New Signifyd report spells out ominous warning for European retailers facing a 350% increase in fraud pressure

Report: Signifyd - MPE 2022 Silver sponsor



Automated attacks, widespread consumer and policy abuse, new payments regulation and heightened fraud attacks will plague the holiday season and beyond, a new report warns.

As the holiday shopping season hits full stride, ecommerce retailers across Europe face a new era of malicious attacks spurred by a COVID-inspired transformation in ecommerce and a 350% increase in fraudulent online orders, according to data published today by Signifyd, the market leader in guaranteed commerce protection.

Signifyd, named the 2021 FStech Merchant Anti-Fraud Solution of the Year, says in a new report that retailers can expect a more perilous fraud landscape through the holi-

day shopping season and beyond. The heightened threat is thanks in part to the growing sophistication and diversification of organized fraud rings.

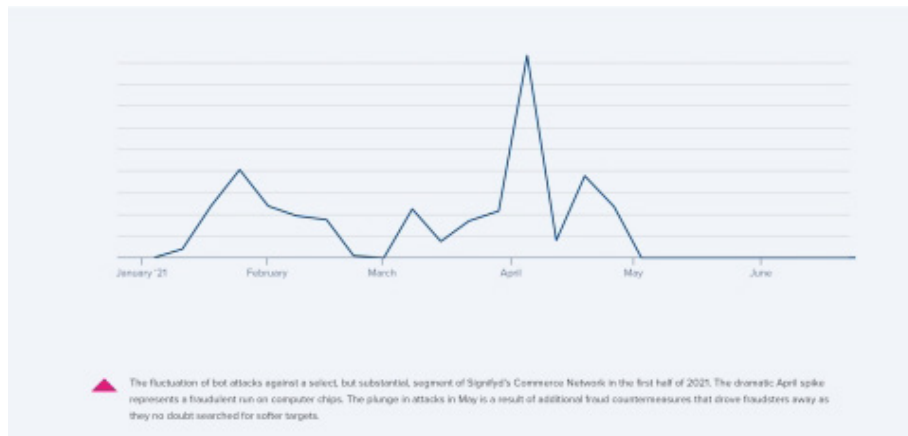
“The State of Ecommerce Fraud in Europe” report further reveals:

- A 350% increase in fraud pressure by mid-2021, as measured by Signifyd’s Fraud Pressure Index. The Fraud Pressure Index charts the change in the number of presumably fraudulent orders detected on Signifyd’s Commerce Network, which comprises thousands of retailers.
- A doubling of consumer abuse in the first half of 2021 — including false claims that an online order never arrived or that an order that did arrive was in unsatisfactory condition. Fraudsters and consumers make such claims in order to keep a product while receiving a refund.
- A dramatic increase in fraud rings’ use of bots. Automated fraud attacks increased 146% in 2020.

“Between the acceleration of ecommerce, changes in consumer behavior and the arrival of SCA, few would argue that commerce is not in a state of great transformation,” said Signifyd Managing Director, EMEA Ed Whitehead. “The State of Fraud report lays out in detail how these

changes came about and offers merchants actionable strategies and solutions to keep up in a dynamic industry at an historic time.”

The pandemic ushered in a “golden age of ecommerce



fraud” fueled by several factors, the report says. They include:

- The increasing share of retail revenue attributable to ecommerce.
- A dramatic wave of first-time online shoppers.
- The need for fraud rings to move from protected segments of the buying journey to more vulnerable ones.

“Fraud is a moving target,” said Ollie Marshall, managing director of Maplin, and one of several retailer leaders quoted in the report. “As fraud protection becomes more sophisticated, fraud rings find new vulnerabilities to attack. We shut them down and they move on. I have no doubt they’ll be back.”

European retailers are facing historic fraud pressure at a time when the payments landscape is undergoing upheaval due to the enforcement of PSD2’s Strong Customer Authentication (SCA) requirement. The addition of SCA’s robust two-factor authentication process has been rolled out across much of Europe and will be enforced in the UK beginning in March.

SCA was instituted to protect retailers and consumers from online fraud. The beginning of SCA enforcement across Europe has resulted in an average transaction failure rate of 26% post-SCA enforcement, according to payment services consultancy CMSPI.

The Signifyd report explores the conversion issue and reviews some of the strategies re-

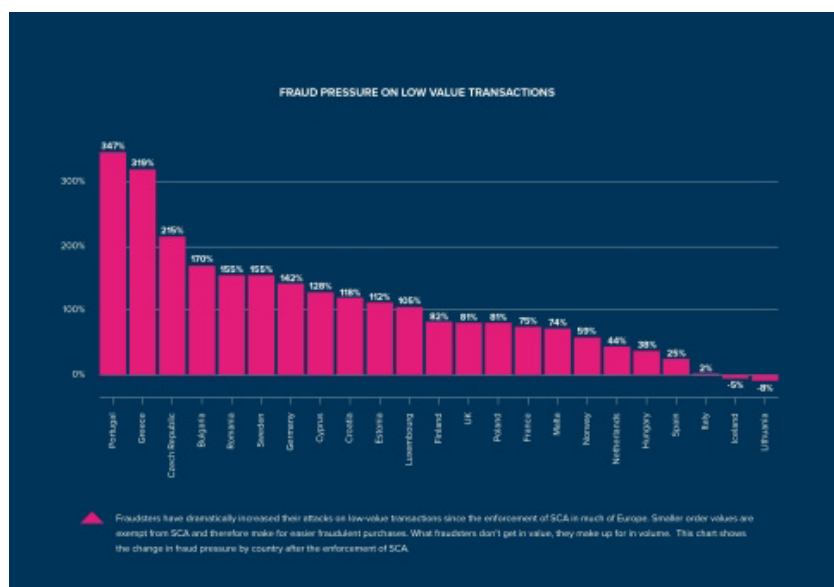
tailers are embracing to enjoy the benefit of added protection without introducing added friction to their customers’ buying experiences.

“Overall, the solutions which have been put in place have the potential to work well. A key factor for success is that all aspects of the payment ecosystem are ready and that there is effective communication and interoperability amongst the players,” Andrew Cregan, head of finance policy for the British Retail Consortium (BRC), said in the report. “The experience for the customer must be straightforward, but also it must be communicated well beforehand, so that it’s fully understood.”

Beyond offering a primer on best practices in the SCA era, “The State of Ecommerce Fraud in Europe” explores how several types of fraud attacks — including account takeover, automated card testing, synthetic identities, return fraud, mule fraud and unauthorized reselling — have morphed and are likely to remain prevalent.

“In our recent Global Payment and Risk Mitigation Survey, the majority of merchants surveyed reported increases in synthetic and account takeover fraud over the previous year,” John Winstel, global head of fraud product at FIS, said in the report. “As these and other new fraud trends emerge, the safeguarding of a merchant’s revenue requires smart, dynamic protection against fraud throughout the payment lifecycle.”

Source: [Business Wire](#)





How **passwordless technology** can help you overcome PSD2 pains

Sponsored by:



The launch implementation of PSD2 has seen its fair share of bumps along the way. Although many merchants and PSPs found this journey to be quite confusing, there are techniques and innovations that are picking up traction, like passwordless technology.

Envision a world in which passwords and clunky authentication processes are a thing of the past. Discover how cutting-edge technology can provide a seamless and secure experience for both merchants and customers, removing the complications many of us now face on a daily basis after the introduction of PSD2.

Speakers & Panelists



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



Kevin Lee
VP of Digital Trust
Sift



Cory Hinton
Product Marketing
Manager
Sift

[Download the webinar here](#)

Payment Abuse in the Fraud Economy: Growth Fuelled Risk and Moving Targets

Moderated by Alan Moss

Managing Director, Western Europe at
Newland Payment Technology

March 16th, 2022

2 p.m. GMT / 3 p.m. CET

REGISTER NOW

JANE LEE

Trust and Safety
Architect at Sift

**KEVIN
LEE**

VP of Digital Trust &
Safety at Sift

Payment Abuse in the Fraud Economy: Growth Fuelled Risk and Moving Targets

Sponsored by:



Payment fraud decapitates business growth—but before a company's market opportunity even comes to a head, fraudsters hellbent on financial theft can attack vulnerabilities across on-site customer journeys, and across the internet, stealing data and funds, and putting online merchants at risk long before a login, transfer, or transaction even takes place.

Fraudsters have plenty of motive to snatch revenue when the probability of a payout is so high: last year, consumers spent \$871 billion online with U.S. merchants alone, up 14.2% year-over-year. Between 2020-2021, average daily transaction volumes across Sift's global merchant network rose in every industry, with the biggest surge in fintech at 121% growth YoY.

Speakers & Panelists



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



Jane Lee
Trust & Safety Architect
Sift



Kevin Lee
VP of Digital Trust
Sift

[Download the webinar here](#)