

WIRECARD FUTURE OF PAYMENTS

MainFirst – Insights to Go Web Conference

January 22, 2015

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1.

MARKET READINESS FOR MOBILE PAYMENTS IS ACCELERATING

NFC:

Facts & Figures

According to Visa Europe (January 2015), Visa has now enabled over 2.1 million contactless terminals across Europe. Most of them in UK, Spain and Poland.

Growth projections from the payment schemes and analysts suggests that within the next three to five years, around 80 percent of all European POS will support contactless.

By 2020, 50% of all transactions on the Visa network will be mobile. Visa has claimed contactless payment acceptance has reached “tipping point”. Visa stated that there are over 60 NFC-related projects active today.

2.

BUT MARKET READINESS
IS VARYING

350

371

391

344

3.

APPLE PAY PUSHED
AWARENESS OF
MOBILE PAYMENT

NFC: Apple Pay

Apple Pay is a mobile payment and digital wallet service that let users make NFC payments at retail stores and within apps

- Launched in USA in October 2014
- Europe launch date yet to be announced
- Authentication using Apple's TouchID
- Utilizes the digitization and tokenization systems of the card schemes and uses Personalization on SE
- Apple Pay conforms to the EMVCo's latest standard for EMV
- Ready for NFC POS and In-app purchases

4.

NEW TECHNOLOGIES AND PLAYERS SHAKE UP THE ECOSYSTEMS

SECURE ELEMENT

SIM-SE: first introduced secure element; favored by carriers but complex, expensive ecosystem

eSE: introduced by Apple for ApplePay; other OEMs will follow; combined with tokenization; less complex but creating dependency with SE-supplier

HCE: introduced by Android; simple ecosystem; issuer remains in control

NFC ecosystem

Ecosystem	iOS	Android	Windows
SIM-SE			
eSE			
HCE			

HCE – Simplification benefits

- BBVA (Spain) HCE solution: 250,000 downloads, 80,000 active users
(source: BBVA)
- Growing number of planned HCE rollouts: Royal Bank of Canada, Westpac NZ, Bankinter, ...
(source: press releases)

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... and HCE allows new form factors.

Wirecard presented first payment wearable on HCE basis.

NFC payments at POS via tap & go – connection to numerous mobile services (loyalty schemes, admission control, etc.).



5.

KILLER SERVICES FOR MOBILE PAYMENTS?

NFC:
20 percent

MasterCard claims: NFC related checkout process is 20 percent faster.

Beside the speed, the density of NFC enabled terminals at the Point of Sale and the type of merchant is relevant.

NFC:

NFC acceptance: not so relevant



NFC:

NFC acceptance: extremely relevant.



Challenge

- No customer is signing up for a new payment service out of curiosity or fun. They all want solutions for existing problems.
- Mobile Payment is **not** about payment.

Value Proposition

An NFC-transaction is a credit card transaction performed from a mobile device.

The greatest value proposition:

Credit card processing combined with the intelligence of the smartphone.

Success Factor:

Setting up new services based on geo-location, real-time communication and connectivity.

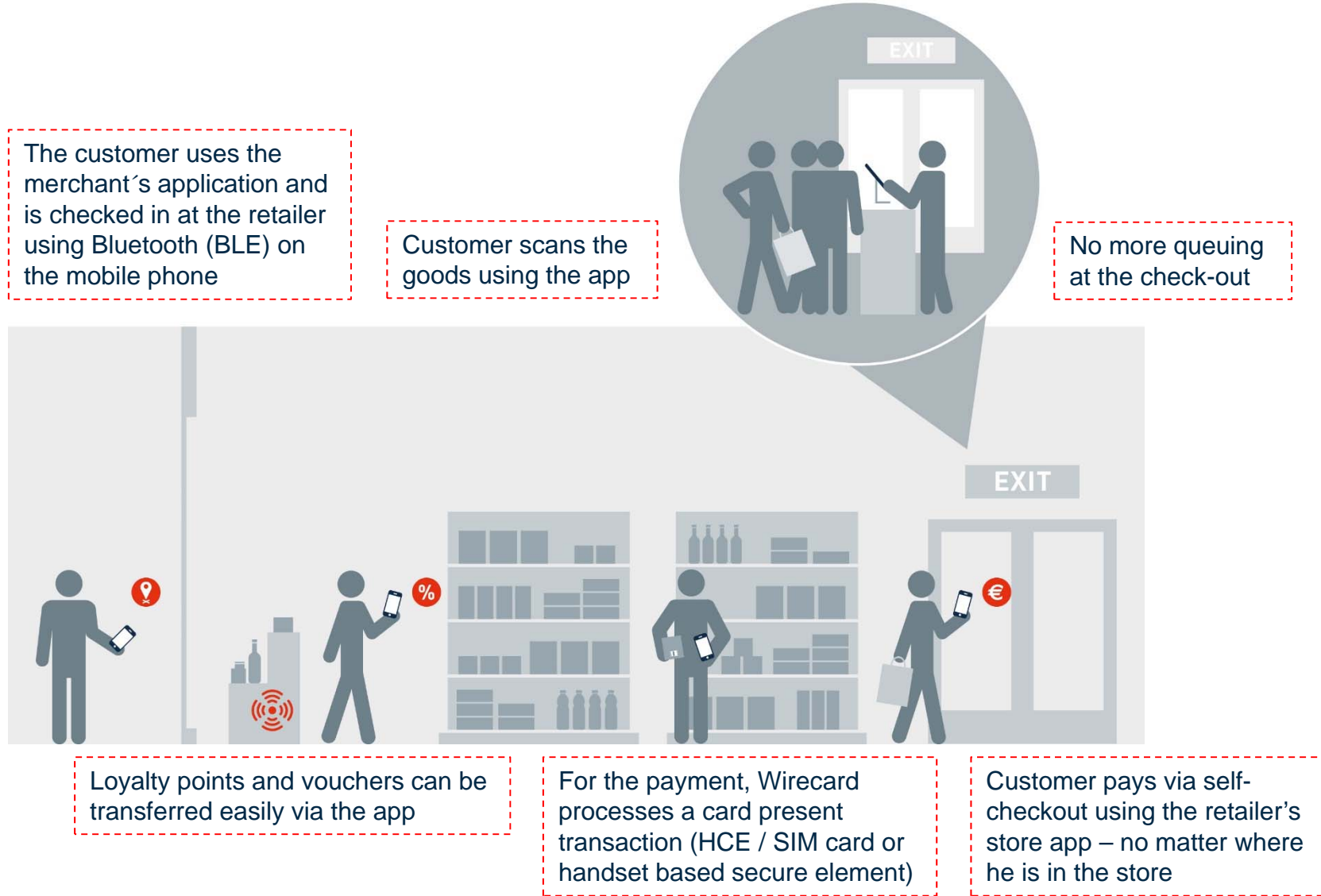
Potential NFC Services

- Fast lanes
- Unattended payments
- Replacement of cash in high-frequency locations
- Smart Couponing & Loyalty
- P2P-Services
- Personal finance management
- Micro insurance
- Micro credits
- Social media integration
- Omni-channel payment for online and offline
- Ticketing

BLE and NFC

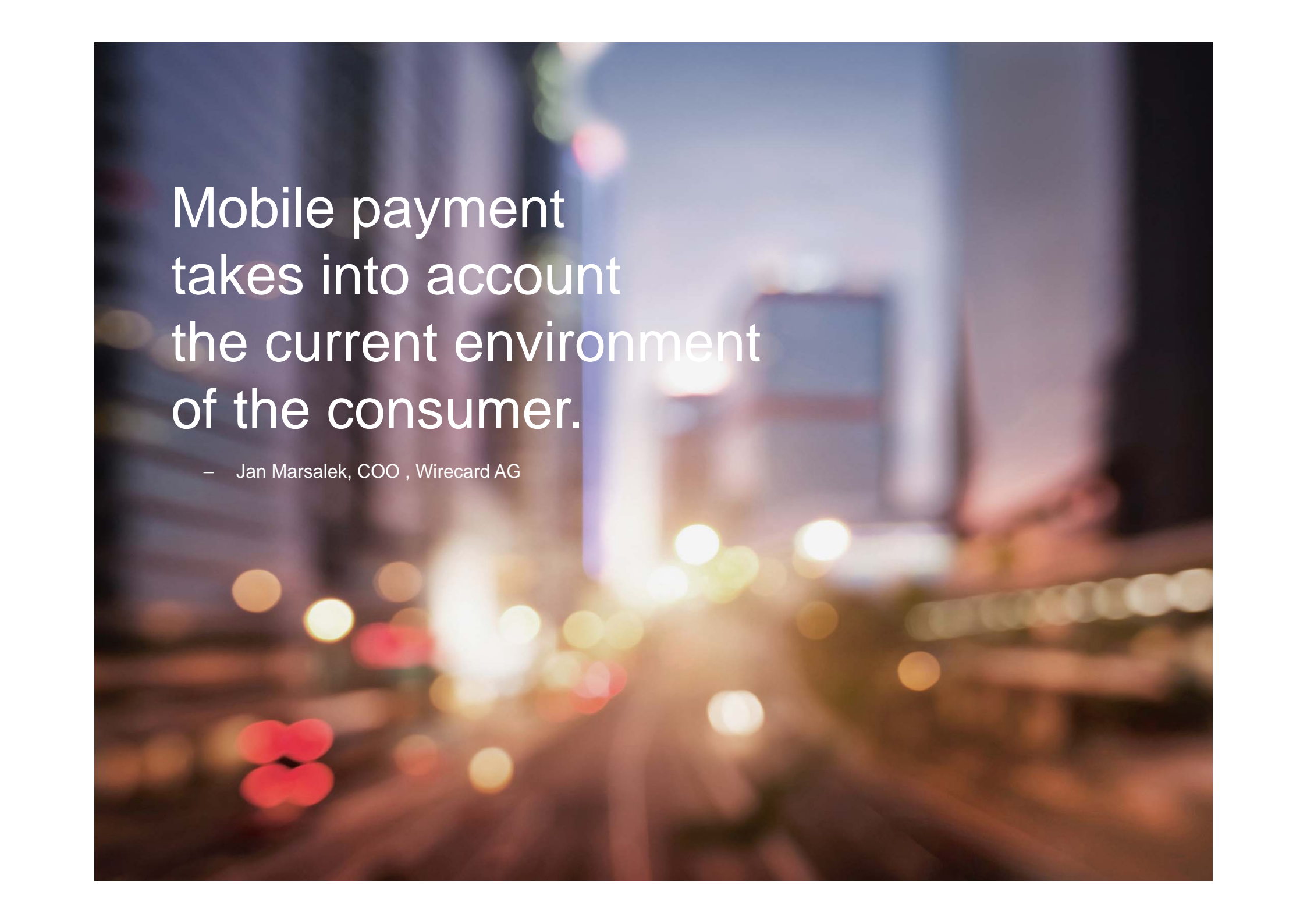
- Different technology but ideal combination
- BLE allows to enrich the consumers in-store experience with relevant use cases
 - In-door navigation
 - E-receipts
 - Offers and advertising
 - Data analytics
 - Self-checkout / pay-in-app

Wirecard ePOS concept: Customer-controlled checkout



Conclusion

- HCE will result in more mobile payment services by telecommunication companies, financial service providers, banks and retailers. Carriers are forced to react.
- Merchant acceptance stimulated due to scheme push and lower interchange rates.
- Apple Pay launch in Europe will push awareness across consumers and merchants.
- The digitalization of the shopping process will continue and be enhanced through Omni-channel services based on BLE.



Mobile payment
takes into account
the current environment
of the consumer.

– Jan Marsalek, COO , Wirecard AG

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