

DSP2 & PAIEMENTS INSTANTANÉS FAUT IL S'ATTENDRE À UN BOULEVERSEMENT?

Sylvie Calsacy, head of Payments Strategy



BRYAN, GARNIER & CO

Club Tech

19 décembre 2018 - Paris

Worldline

Digital transformation # Digital disruption

« Digital transformation involves transformation of internal processes and it aims to digitalize and optimize operations.

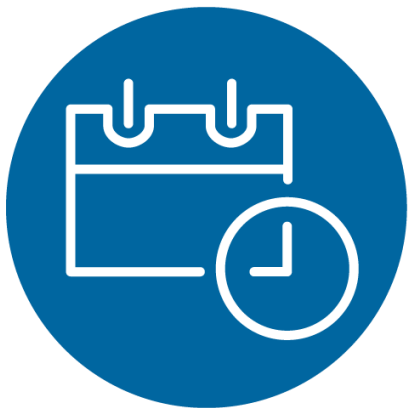
Digital disruption is a change to the traditional market in its current form by creating a new market enabled by the use of innovative technologies, which includes new ways of customer interaction in order to enhance customer experience. »

**EBA REPORT ON THE IMPACT OF
FINTECH ON INCUMBENT CREDIT
INSTITUTIONS' BUSINESS
MODELS**, July 2018

[Click here](#)



Agenda



- 1** Brief Introduction to Worldline
- 2** Drivers for change... Regulation but not only
- 3** PSD2 and Instant Payment *from* Digital transformation
- 4** PSD2 and Instant Payment *to* Digital Disruption
- 5** Banks, PSP, Fintechs, Gafas Who's who with whom?
- 6** Conclusion

1

Brief introduction to Worldline

Worldline

EMPOWERING THE CASHLESS SOCIETY

c. €2.3 bn
ANNUAL REVENUE*

11,000+
TALENTS

30+
COUNTRIES

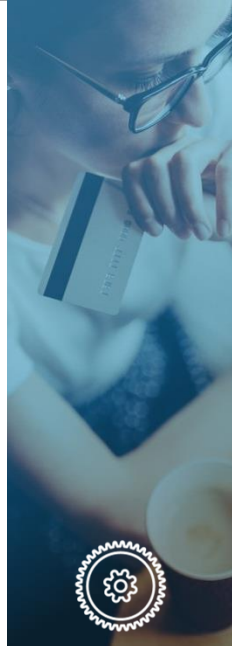


MERCHANT SERVICES

- Commercial Acquiring
- Omnichannel Payment Acceptance
- Payment Terminals Solutions
- Digital Retail Services

> €1.0 billion
annual revenue (46%)

400K+
Merchants in Europe



FINANCIAL SERVICES

- Issuing Processing
- Acquiring Processing
- Account Payments
- Digital Banking

€0.9 billion
annual revenue (39%)

300+
Financial Institutions



MOBILITY & E-TRANSACTIONAL SERVICES

- Trusted Digitization
- eConsumer & Mobility
- e-Ticketing

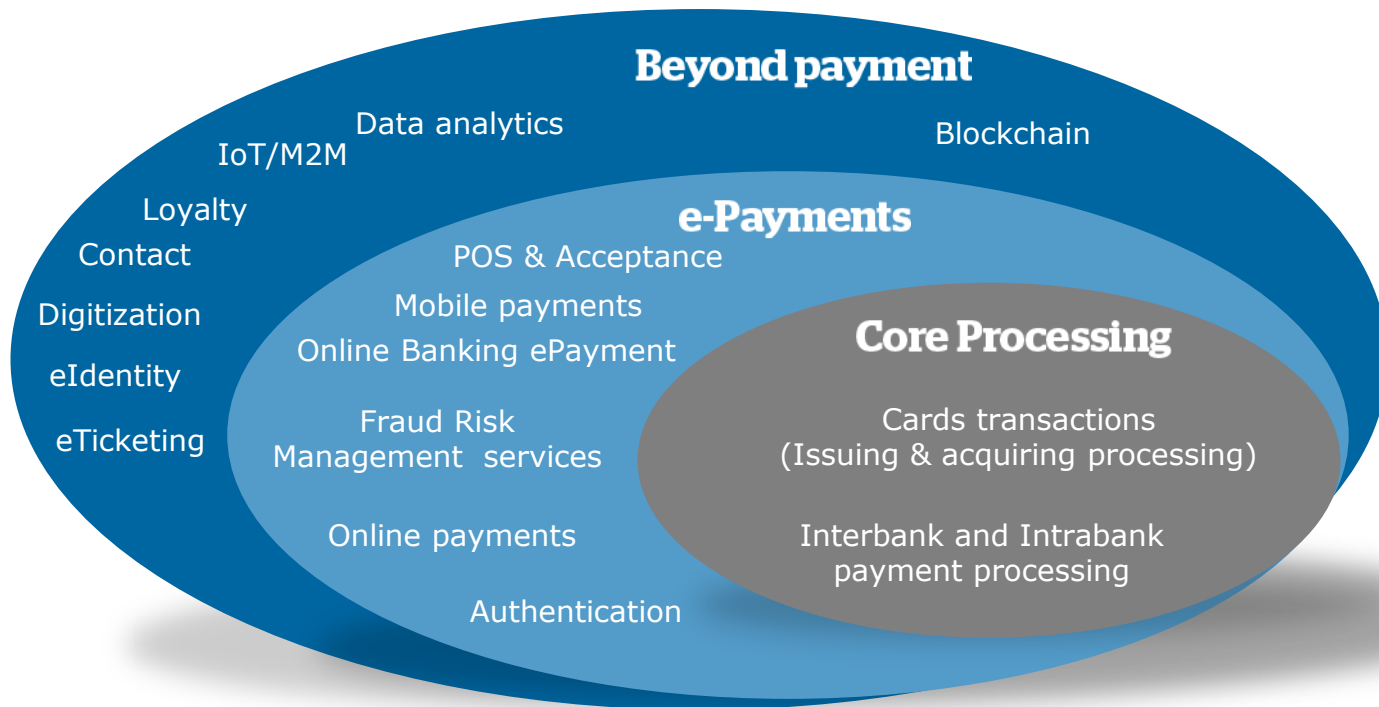
€0.4 billion
annual revenue (15%)

350+
Customers on
various industries



* Estimated revenue in 2019.

A large portfolio with Technology as a key differentiator



A large white outline of the number 2 is positioned on the left side of the slide. The background is a dark blue gradient featuring a glowing DNA double helix structure in the upper half and a bar chart with blue bars of varying heights in the lower half. The overall aesthetic is futuristic and data-driven.

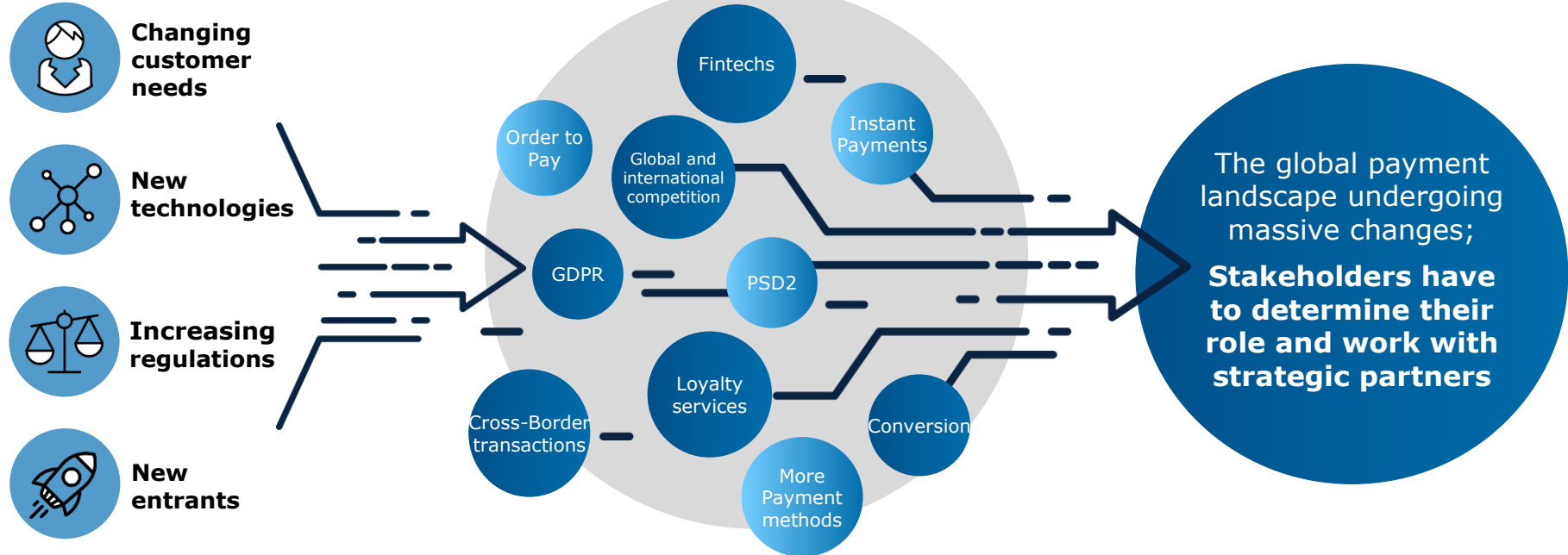
2

Drivers for change
Regulation but not only

Worldline

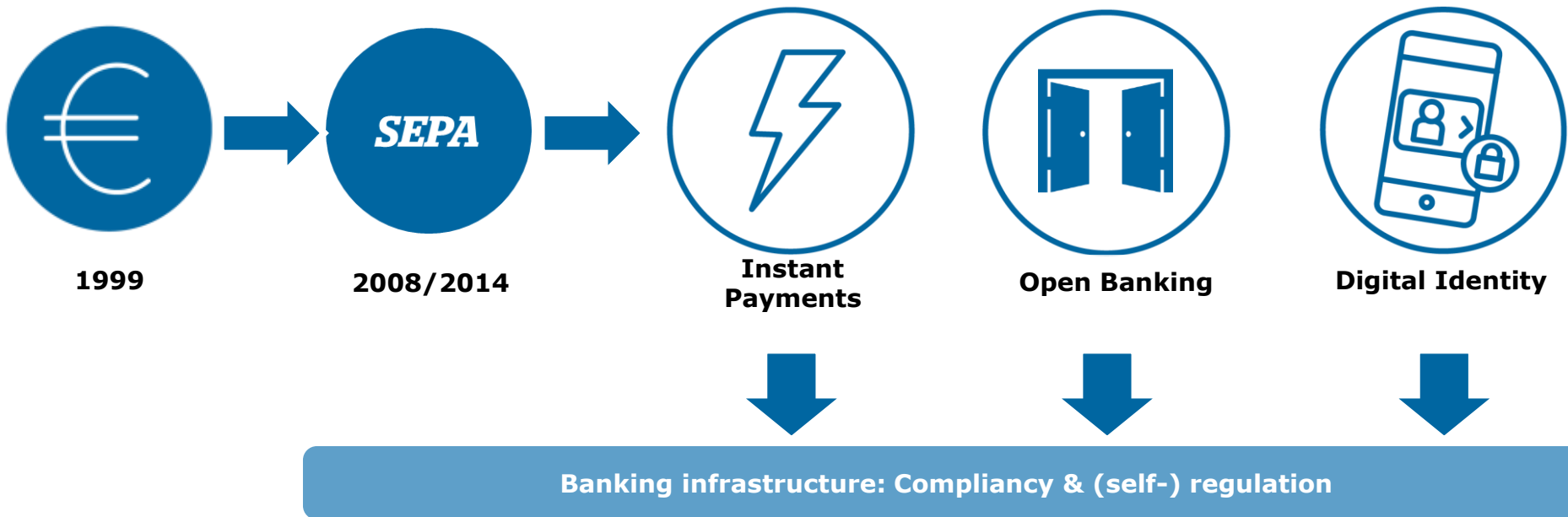
Many things happening

Trends are driving change in the payments landscape



In response, payment is transforming

Preparing the industry for the demands of the digital economy





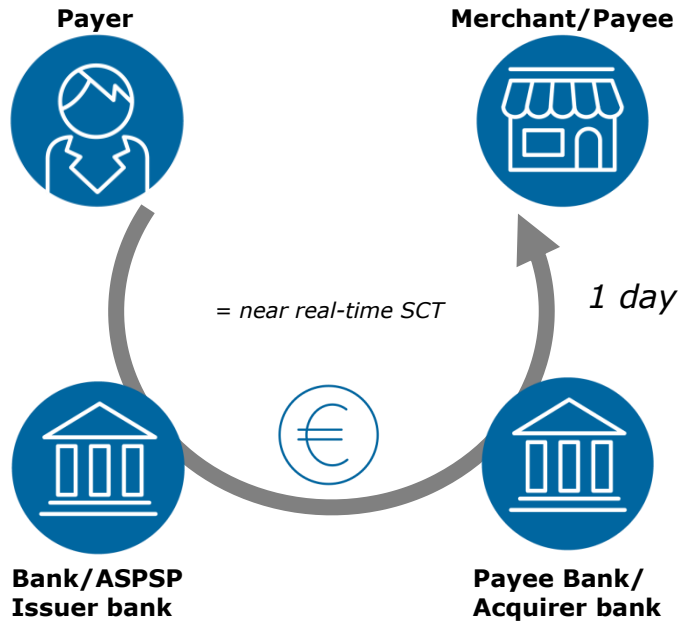
3

PSD2 & Instant Payment
Digital transformation

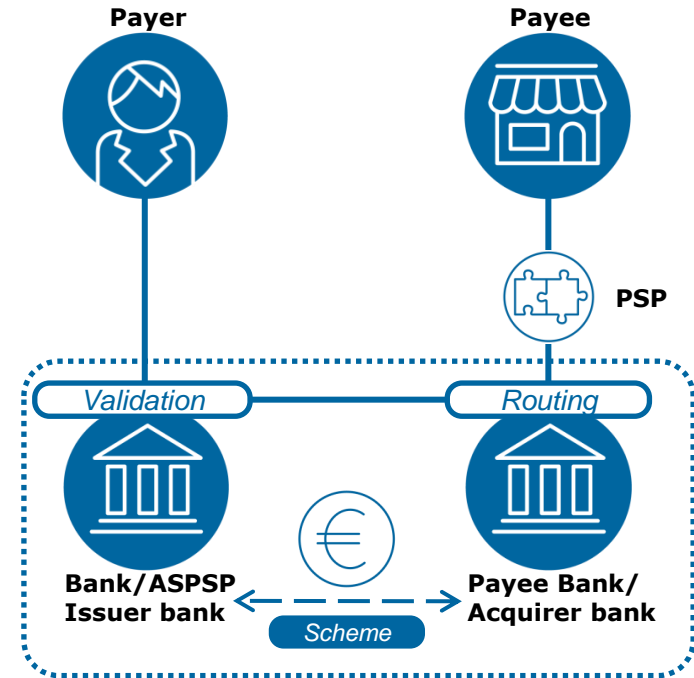
Worldline

PSD1 and SEPA, the prerequisites for digital transformation

SEPA

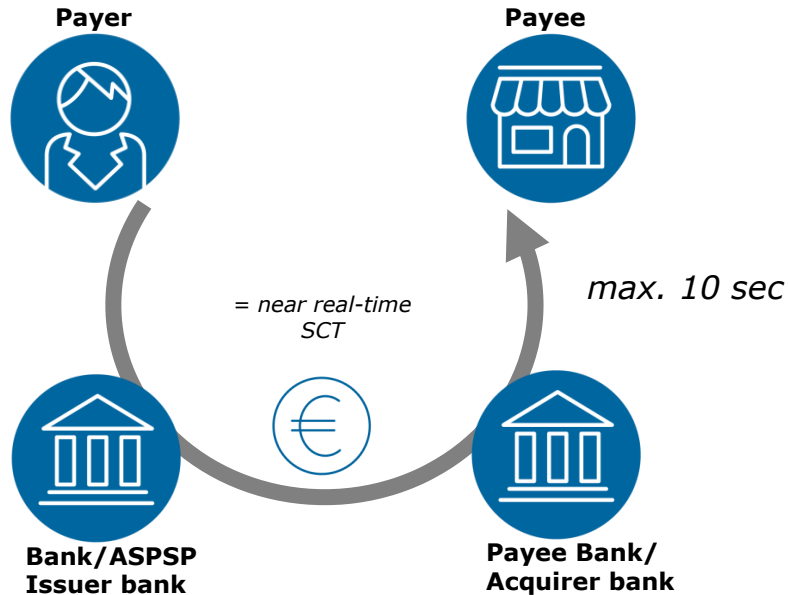


PSD 1

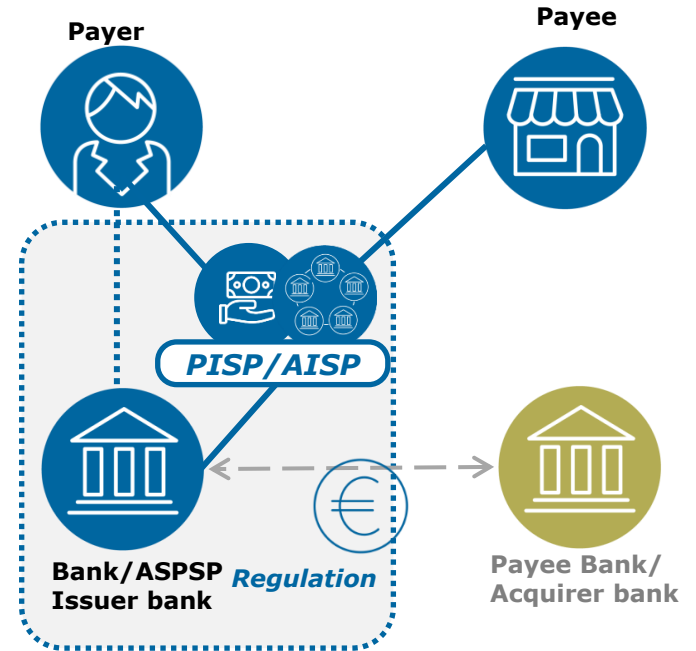


Instant Payments and PSD2, the prerequisites for the digital disruption

Instant Payment

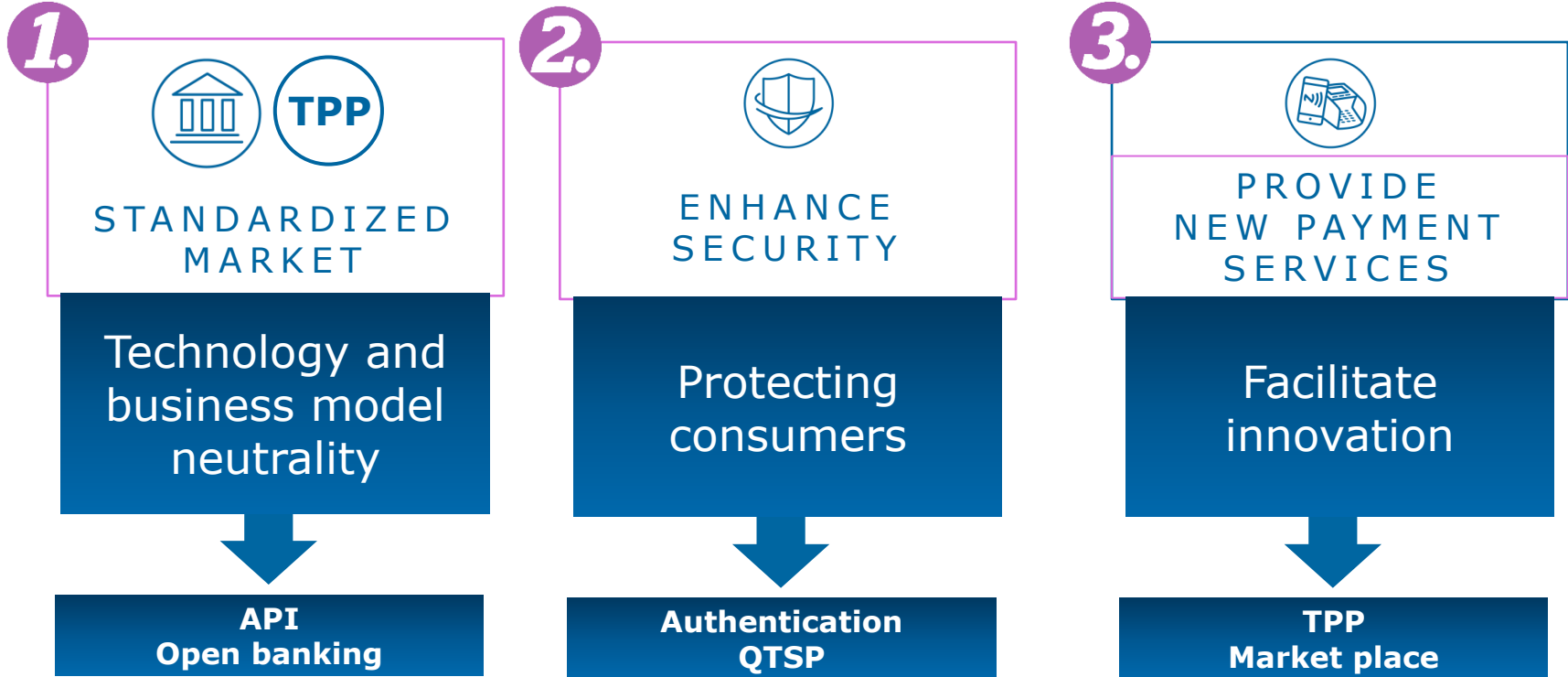


PSD 2



What is PSD2 about

Payment Services Directive 2



TPP = Third Party Provider

Instant Payment in the EU, the new normal

4.

INSTANT &
INTEROPERABLE

Launch of SCT Inst in November 2017



10
seconds

15,000 €

SEPA

a never before seen digital transformation for banks combining IP and PSD2

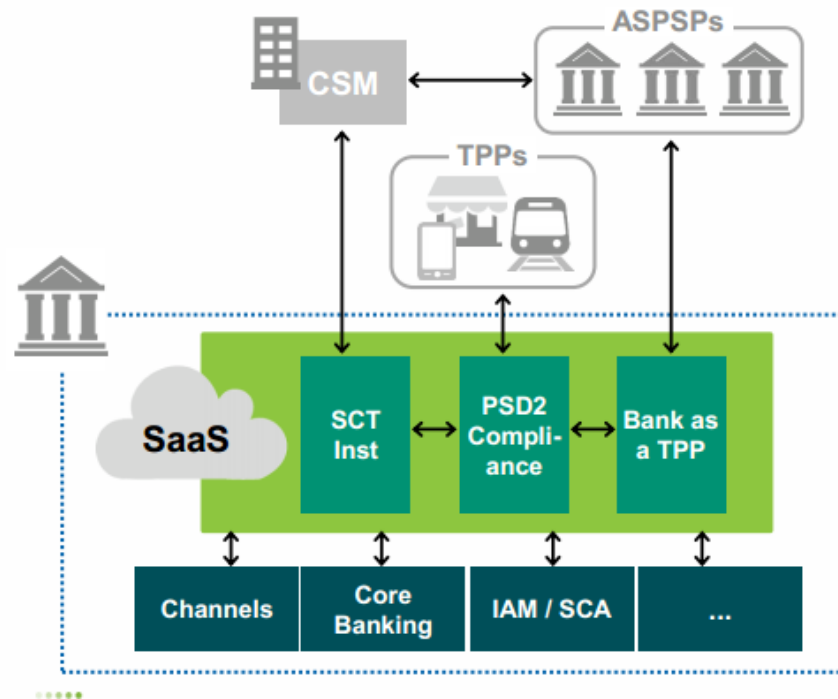


Diagram from external source

Progress of the 12 PSD2 mandates



Mandates	Milestone reached	Milestone 1: EBA has started work	Milestone 2: EBA has published CP with draft GL/TS	Milestone 3: EBA has published Final draft TS or Final GL	Milestone 4: EBA has published GL Compliance table or Commission has published TS in OJ
1	RTS on Passporting Notifications under PSD2	✓	✓	✓	✓
2	GL on Authorisation of payment institutions under PSD2	✓	✓	✓	✓
3	GL on Professional Indemnity Insurance under PSD2	✓	✓	✓	✓
4	GL on Complaints Procedures by CAs under PSD2	✓	✓	✓	✓
5	GL on Incident Reporting under PSD2	✓	✓	✓	✓
6	RTS on Strong Authentication & Secure Comms. under PSD2	✓	✓	✓	✓
7	GL on Operational & Security Measures under PSD2	✓	✓	✓	✓
8	RTS on Central Contact Points under PSD2	✓	✓	✓	
9/10	RTS & ITS on EBA Register under PSD2	✓	✓	✓	
11	RTS on home-host coordination under PSD2	✓	✓	✓	
12	GL on fraud reporting under PSD2	✓	✓	✓	

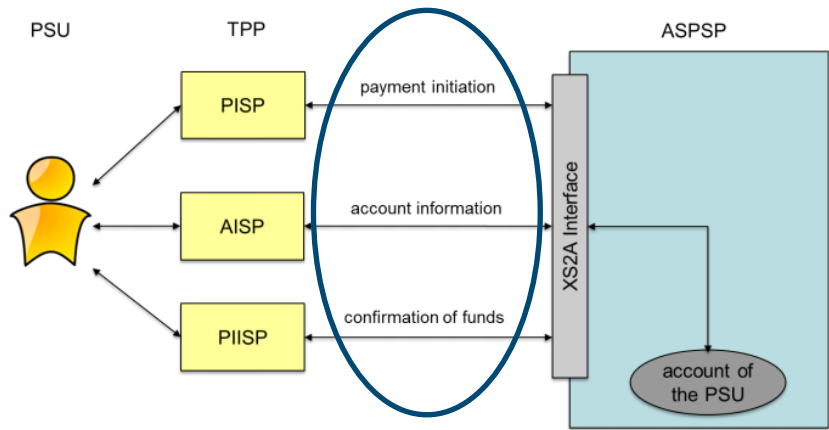
**Dec 2015 to Dec 2018:
A long way to write the global regulatory package for PSD2**

- Need for clarifications on certain aspects of the RTS on SCA&CSC;
- Extension of EBA's Q&A and Single Rulebook tool to PSD2;
- Support the industry in the development of APIs;
- Assessments to exempt ASPSPs from fall back under Art 33;
- Clarification on eLDAs

- ✓ June 2018: EBA Opinion
- ✓ End of June 2018: Q&A tool available
- ✓ Observer on Commission's API Evaluation Group¹
- ✓ 4 Dec. 2018
- ✓ 11 Dec. 2018

APIs: which standardization?

1. STANDARDIZED MARKET



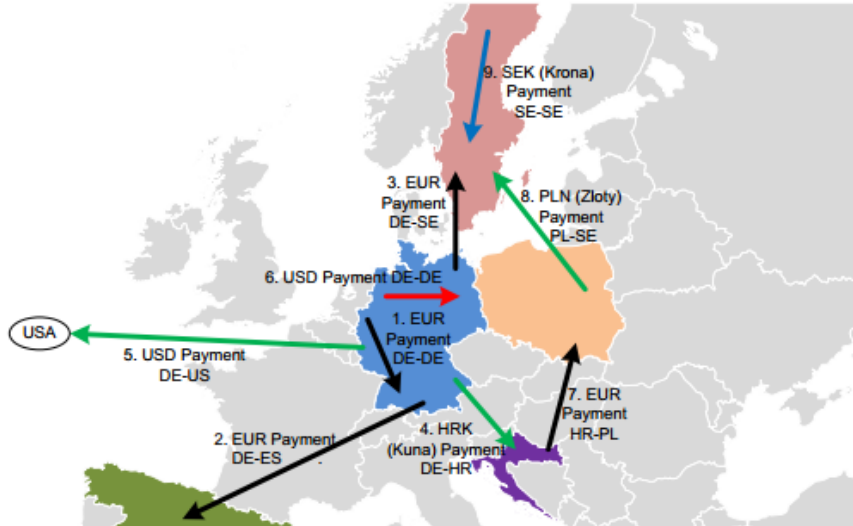
~45
implementers
options



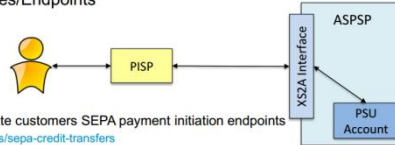
PIS: which payment?

1.

STANDARDIZED MARKET



Payment Types/Endpoints



- Typical private customers SEPA payment initiation endpoints
 - /payments/sepa-credit-transfers
 - /payments/instant-sepa-credit-transfers
 - /payments/target-2-payments
 - /payments/crossborder-credit-transfers
 - /payments/domestic-payments
- Typical corporate XML endpoint e.g.
 - /payments/pain.001-sepa-credit-transfers

Supported payment endpoints are published by ASPSP. Can differ for retail and corporates.

EUR Payments (SCT & SCT^{Inst})

- The SEPA Credit transfer is available in all European countries (incl. Instant payments)
- Format: pain.001.001.03 (Germany)
- Examples: 1, 2, 3, 7.

Domestic Payments in local currency (nonEUR)

- Proprietary formats for domestic payments in non EUR countries available.
- Format: tbc. (pain.001 based or legacy format)
- Example: 9.

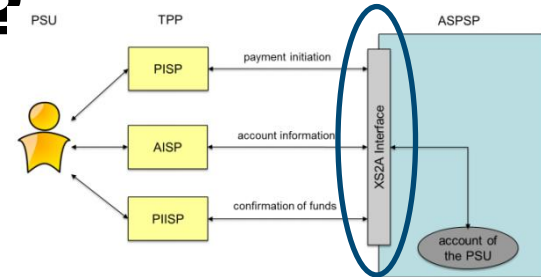
Domestic Payments in foreign currency

- Proprietary formats for domestic payments in foreign currency available
- Format: European standard format is not available (in Germany DTAZV)
- Example: 6.

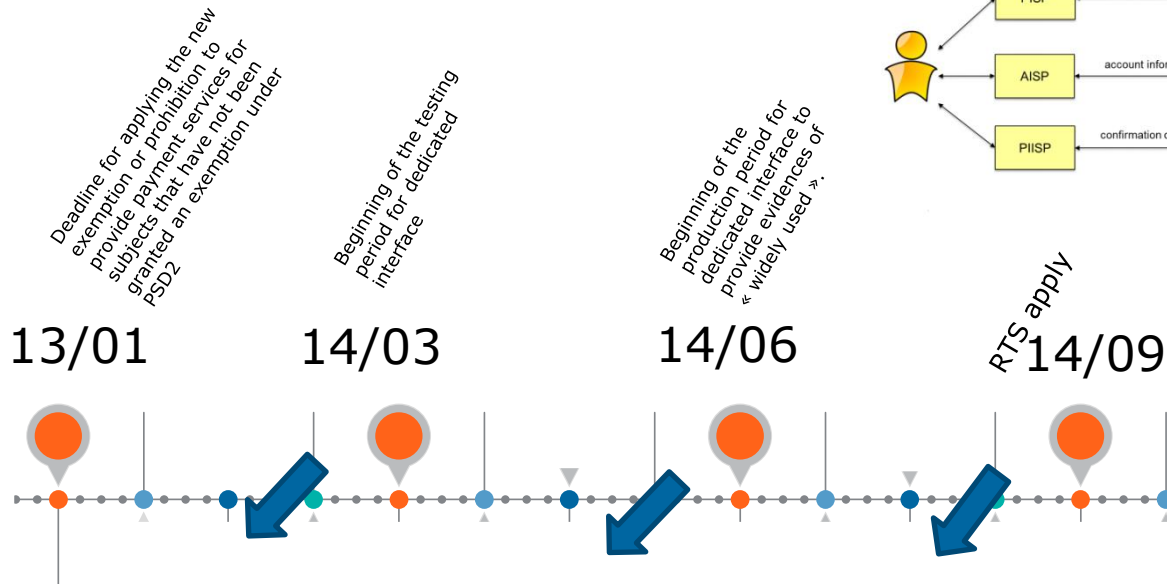
Cross-Border Payments (non EUR)

- Proprietary formats for cross-border payments available
- Format: European standard format is not available (in Germany DTAZV)
- Examples: 4, 5, 8.

Timeline PSD2 in 2019: which date?



THEORY



PRACTICE



Example : in France, timeline is advanced by 2 months to enable ASPSP to get exemption of fallback

WL open banking services

Beyond compliancy, innovation for opportunities



Access 2 Account Services
Cost effectively comply to PSD2 requirements



Authentication Process Management
The right balance between security and user experience



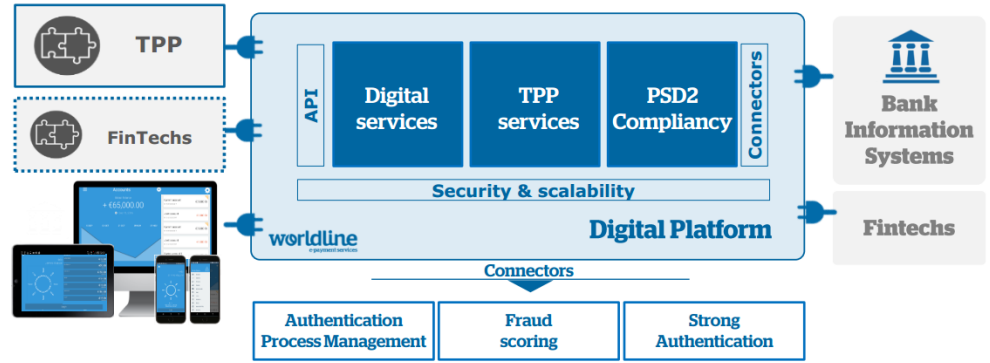
Trusted Authentication
Protect your online services



Digital Banking Platform
The back-end that supports fast channel developments

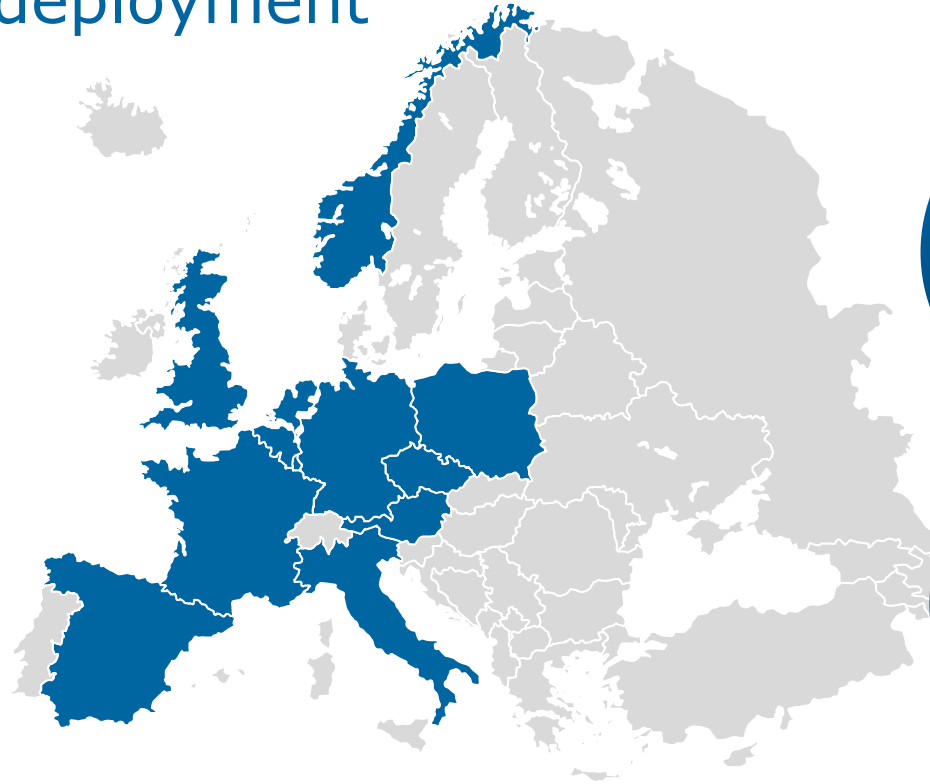
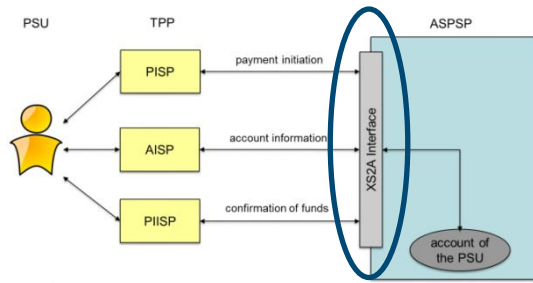


Open Financial API Services
Accelerate innovation by using open APIs



WL open banking services

a real European deployment



31
banks

12
countries

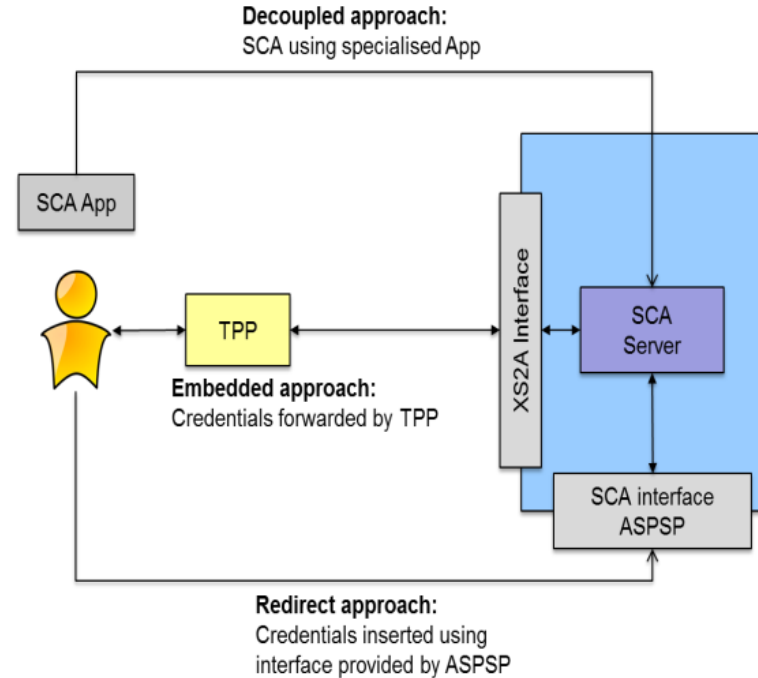
Strong Customer Authentication

Different approaches for implementing SCA

2.

ENHANCE
SECURITY

- Redirect approach
 - PSU is redirected to web interface provided by the ASPSP
- Decoupled approach
 - SCA out-of-band using a special APP
 - Same behaviour as for Online Banking
- Embedded approach
 - PSU enters credentials on the interface of the TPP

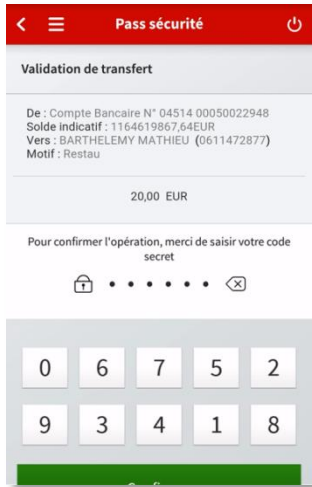


WL Trusted Authentication

Seamless and simple customer journey with decoupled approach



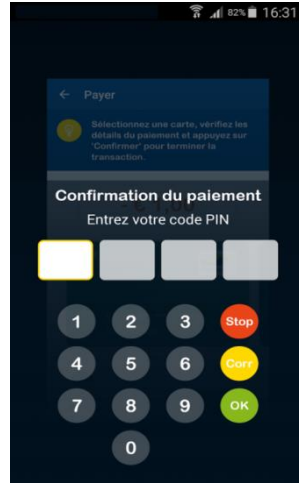
European References



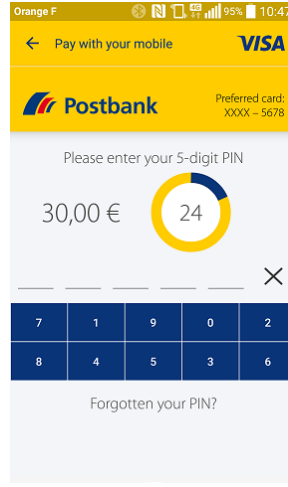
Société Générale
Mobile application
(credit validation)



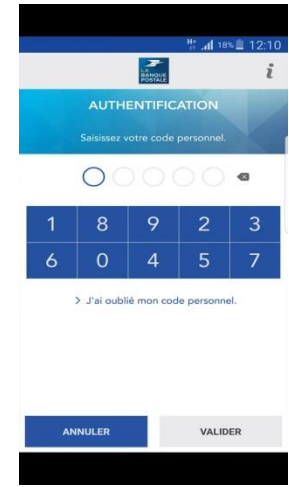
French inter banking
wallet PAYLIB
(sample from BNPP
Payment validation)



Belgium scheme: BCMC
wallet (P2P payment
validation)



German POC for
proximity NFC payment
(validation)



La Banque Postale
Application
Mes paiements

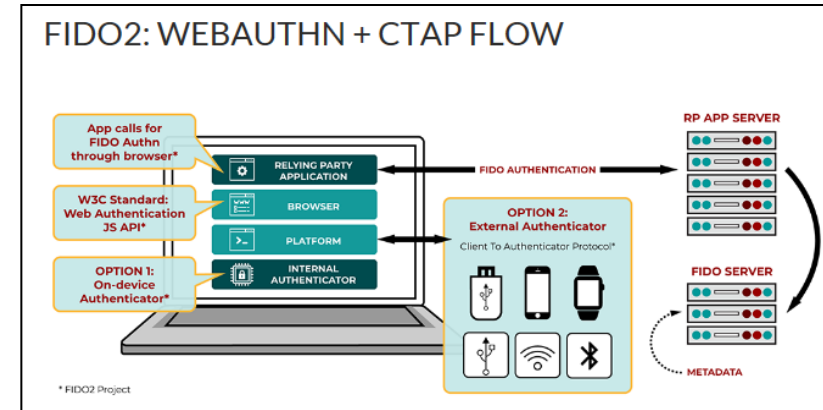
FIDO Alliance: the authentication based on API

The FIDO2 Project (April 2018) is a set of interlocking initiatives that together create a FIDO Authentication standard for the web and greatly expands the FIDO ecosystem.

FIDO2 is comprised of the [W3C's Web Authentication specification \(WebAuthn\)](#) and FIDO's corresponding [Client-to-Authenticator Protocol \(CTAP\)](#), which collectively will enable users to leverage common devices to easily authenticate to online services — in both mobile and desktop environments.

- **WebAuthn defines a standard web API** that can be built into browsers and related web platform infrastructure to enable online services to use FIDO Authentication.
- **CTAP enables external devices such as mobile handsets or FIDO Security Keys to work with WebAuthn** and serve as authenticators to desktop applications and web services.

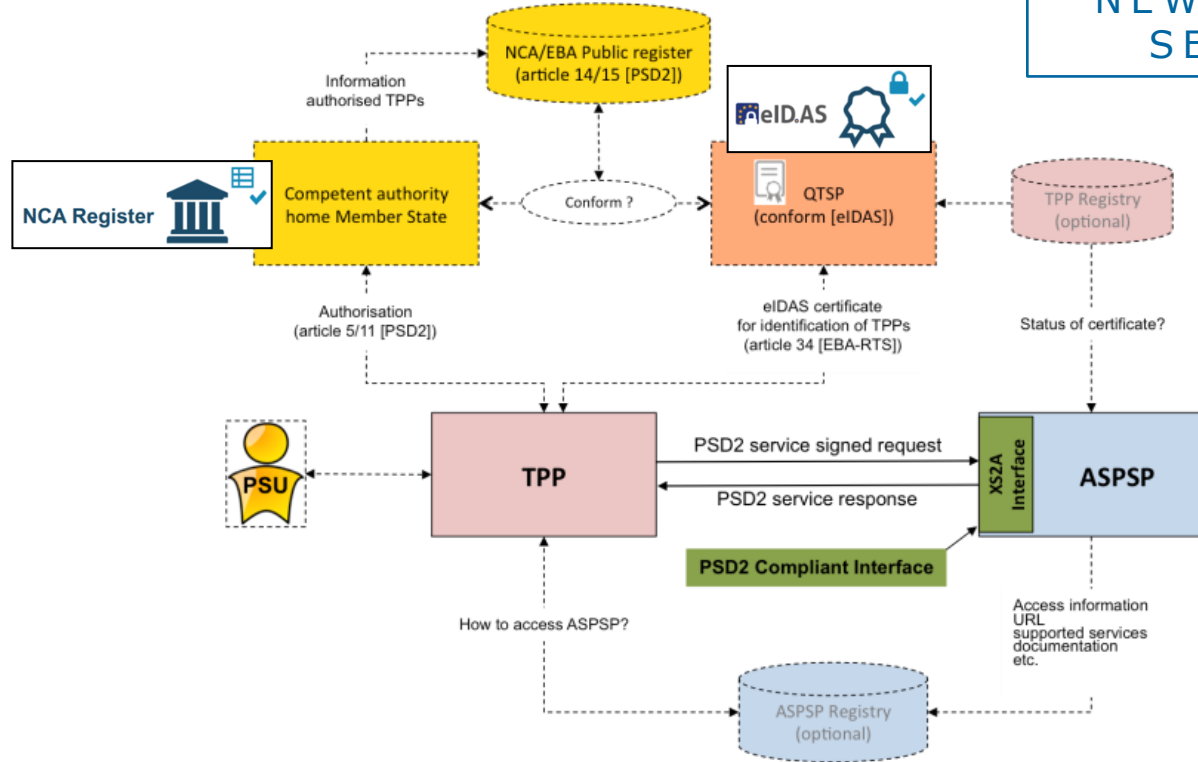
Multiple major web browsers including Chrome, Firefox and Microsoft Edge have implemented the standards; Android, Windows 10 and related Microsoft technologies also will have built-in support for FIDO Authentication



Not yet deployed in Europe, only in the USA, and Asia.
A European working group FIDO was created in Nov. 2017 to promote FIDO standards over Europe.

A complex regulatory process to be TPP mixed of PSD2 and eIDAS

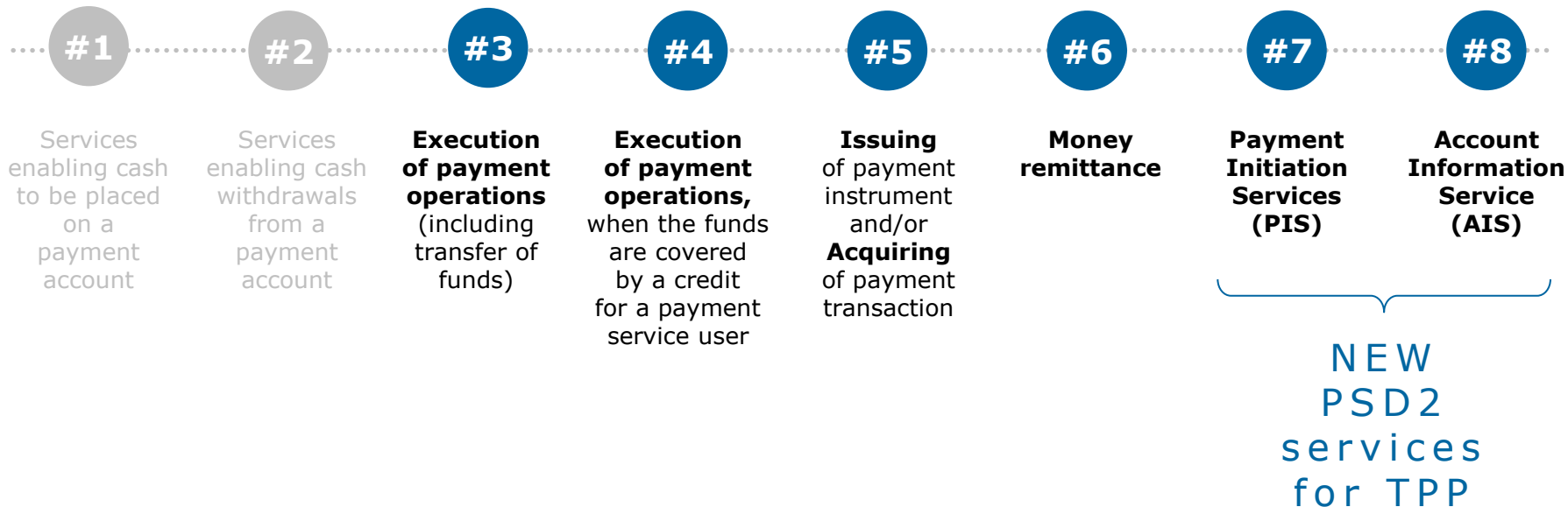
3. PROVIDE NEW PAYMENT SERVICES





Worldline, PSD2 licensed payment provider

Covering now 6 services out of the 8



Instant Payment goes live

4.

INSTANT &
INTEROPERABLE

2042 PSP

14 CSM

MSCT

Mobile Initiated SEPA Credit Transfer
Interoperability Implementation

Instant Payment will spread the market

from Internation Reseach, Insight and Advisory companies

7-10%

Of total payment
retail in Europe
will be Instant
Payments in
2027

2025

Instant Payments
will overtake
Cards in
eCommerce

**Up to
30%**

of e-Commerce
in 2027

>55%

Non card
payments for e-
Commerce in
Germany and
the NL

Worldline covers the whole value chain for instant payment

OFFER
Worldline

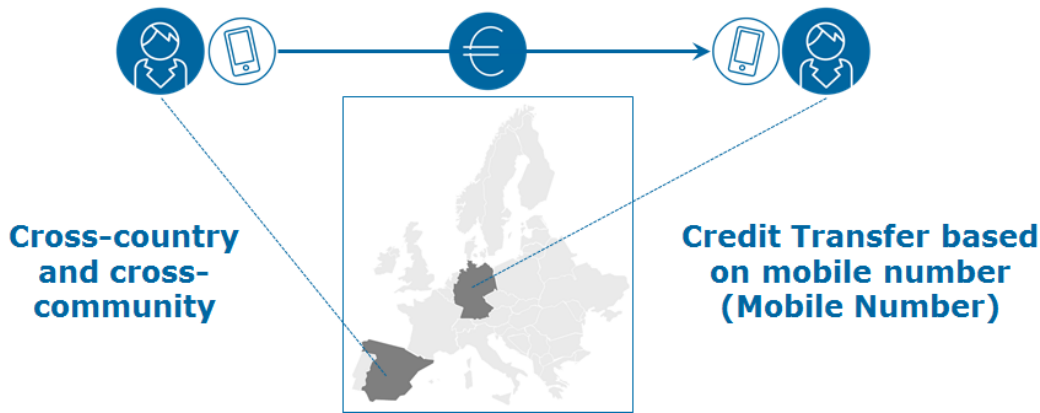


For banks	For merchants
WL payments processing back office	WL online acceptance
	WL merchant wallet
WL clearing & settlement	WL Third Party Provider
	WL e-invoicing

SEPA Proxy Lookup Service

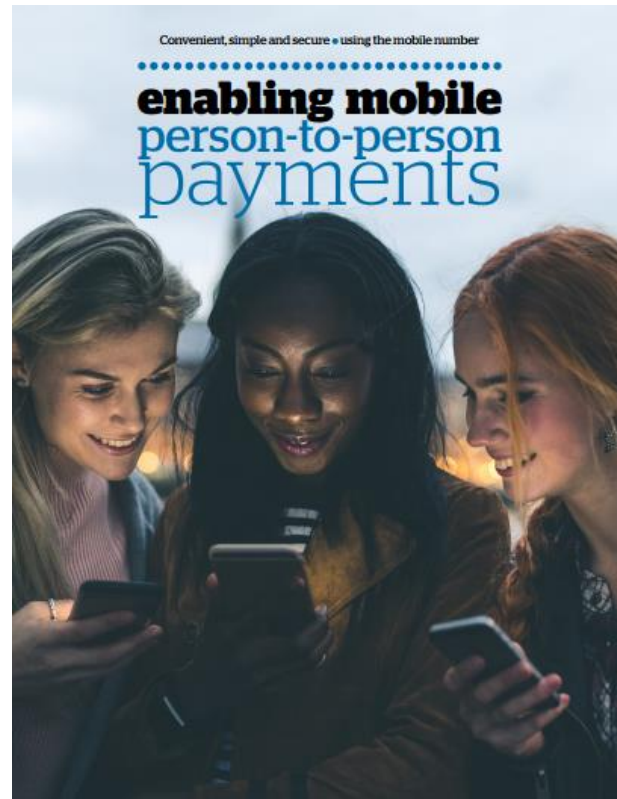
Service Description – Use Case

Person-to-Person Payments



The SEPA Proxy Lookup (SPL) service supports **interoperability of different European mobile P2P payment schemes**, and provides the necessary data for an inter-scheme P2P payment.

In the first phase this lookup service will provide **a mapping of a mobile number to an IBAN**, so the P2P scheme of the payer (debtor) can retrieve the payee's IBAN (creditor). After that the debtor scheme can initiate a payment to the creditor.



Innovation is already here for Instant P2P but with limited geographical scope

Largest European P2P Solutions



6,1 million users (38,1 million inhabitants)



5,2 million users (9,9 million inhabitants)



5,0 million users (59,4 million inhabitants)



3,9 million users (66,2 million inhabitants)



3,7 million users (5,7 million inhabitants)



3,0 million users (5,3 million inhabitants)



2,0 million users (17,0 million inhabitants)



1,5 million users (46,4 million inhabitants)



1,0 million users (82,1 million inhabitants)

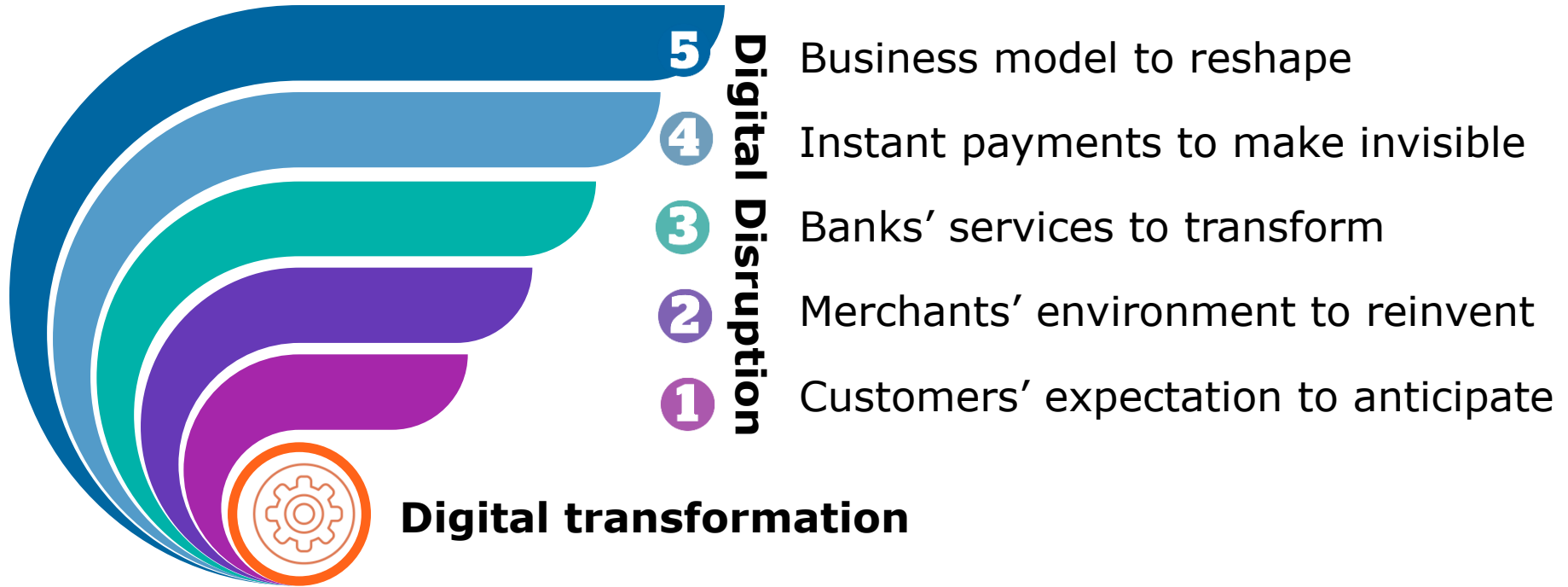


4

PSD2 & Instant payment
Digital disruption

Worldline

The 5 challenges to succeed in the disruption



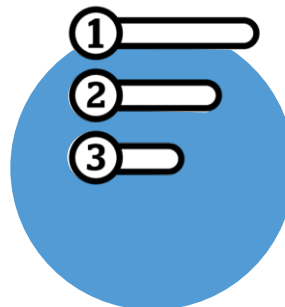
Challenge # 1: customers' new expectation



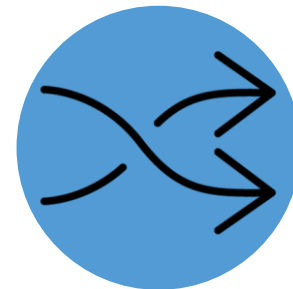
***Personalized,
simple & instant**
interactions expected*



*Stores used as a
showroom*



***27% of customers**
use the mobile to
prepare their shopping
list*



*Consumers use
approximately
3 different
channels before
actually buying*

Challenge # 2: new mature technologies for merchants



Consumer Mobile Devices



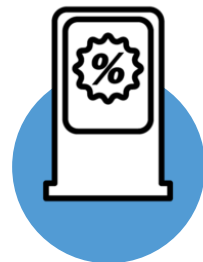
Wearable devices



e-Wallets



Seller Tablets

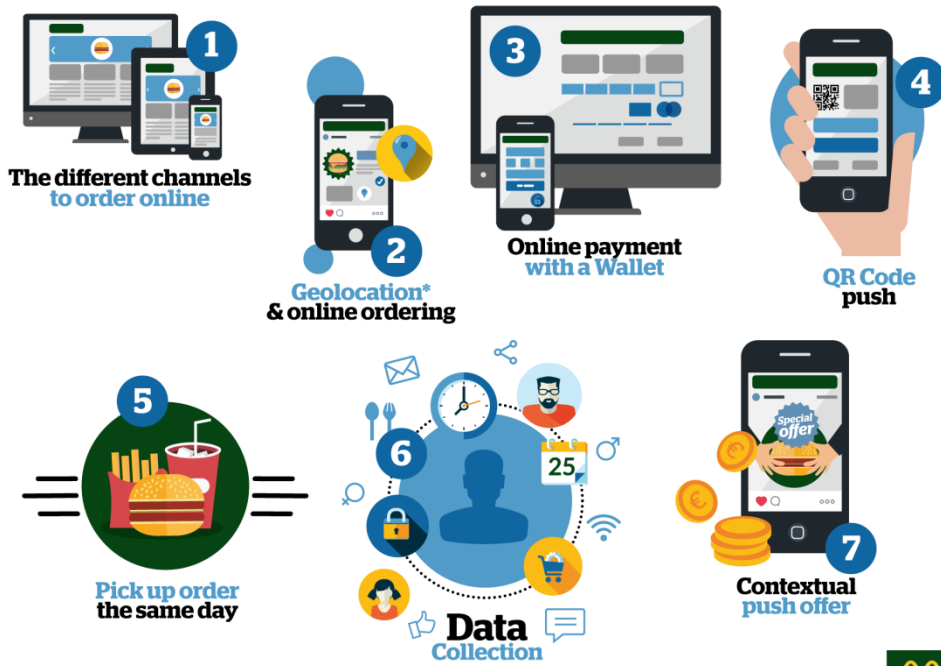


Kiosks & Digital Signage



Smart Furniture

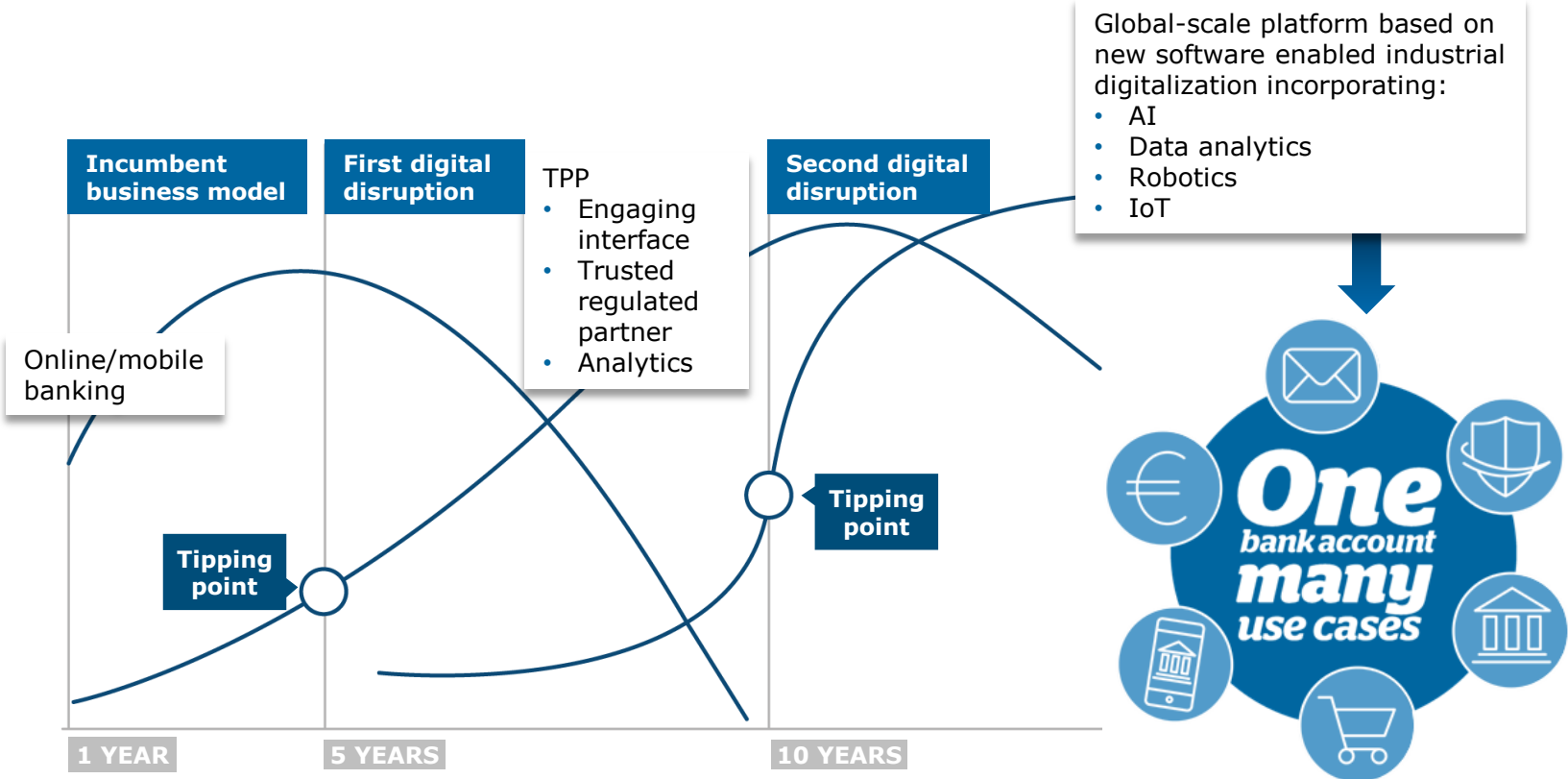
McDonald's France customer journey



*Geolocation under the customer's agreement in accordance with all applicable laws.



Challenge # 3: to re-invent the banking services

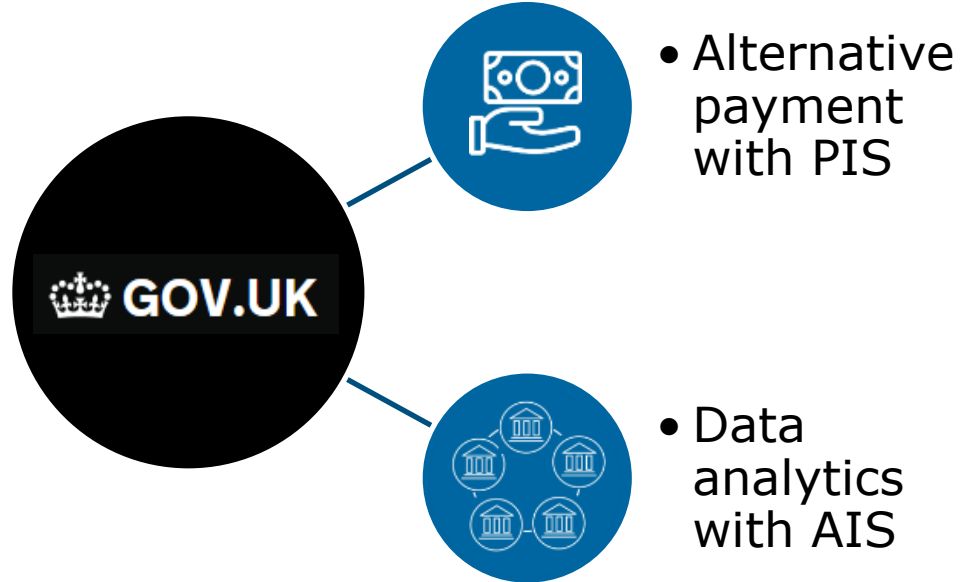


GOV.UK faces with new opportunities via PSD2



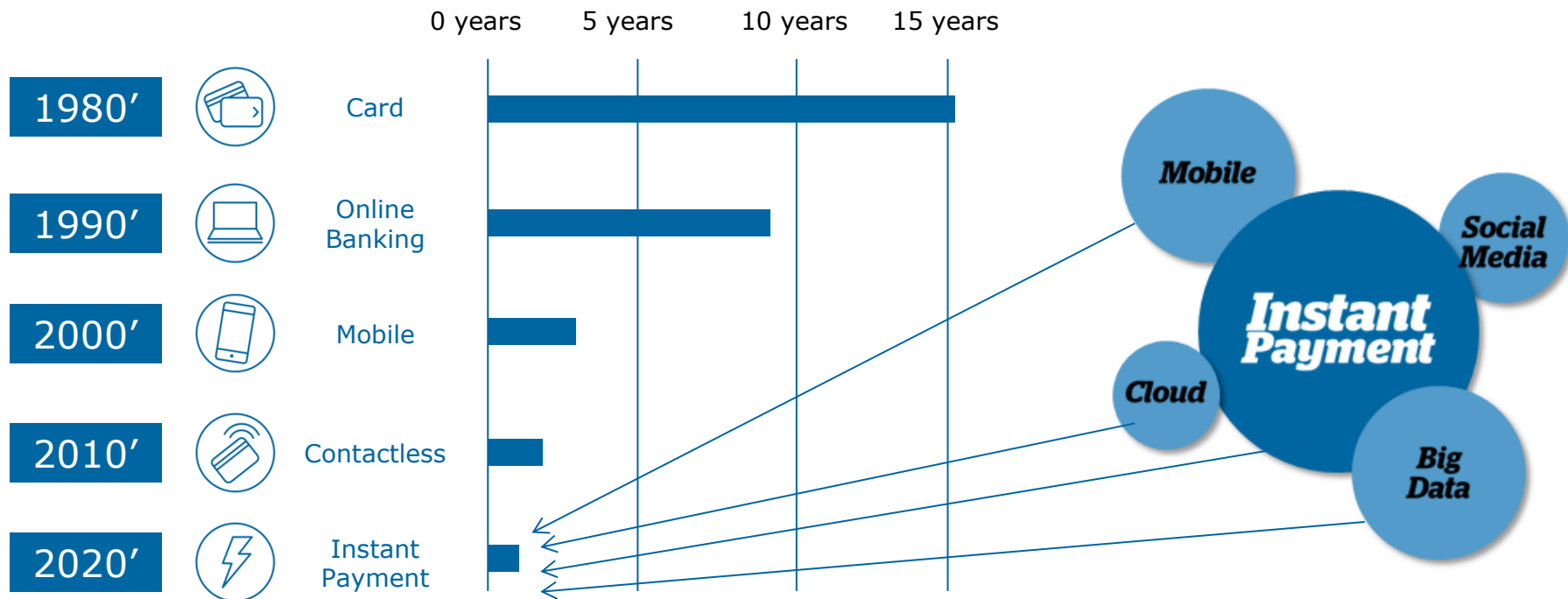
Four objectives

- **Increase the supply of SME loans in the UK**
- **Increase diversity of SEM funding**
- **Improve SME understanding of funding options**
- **Manage taxpayer money efficiently.**



Challenge # 4 (a)

a speed adoption of instant payment



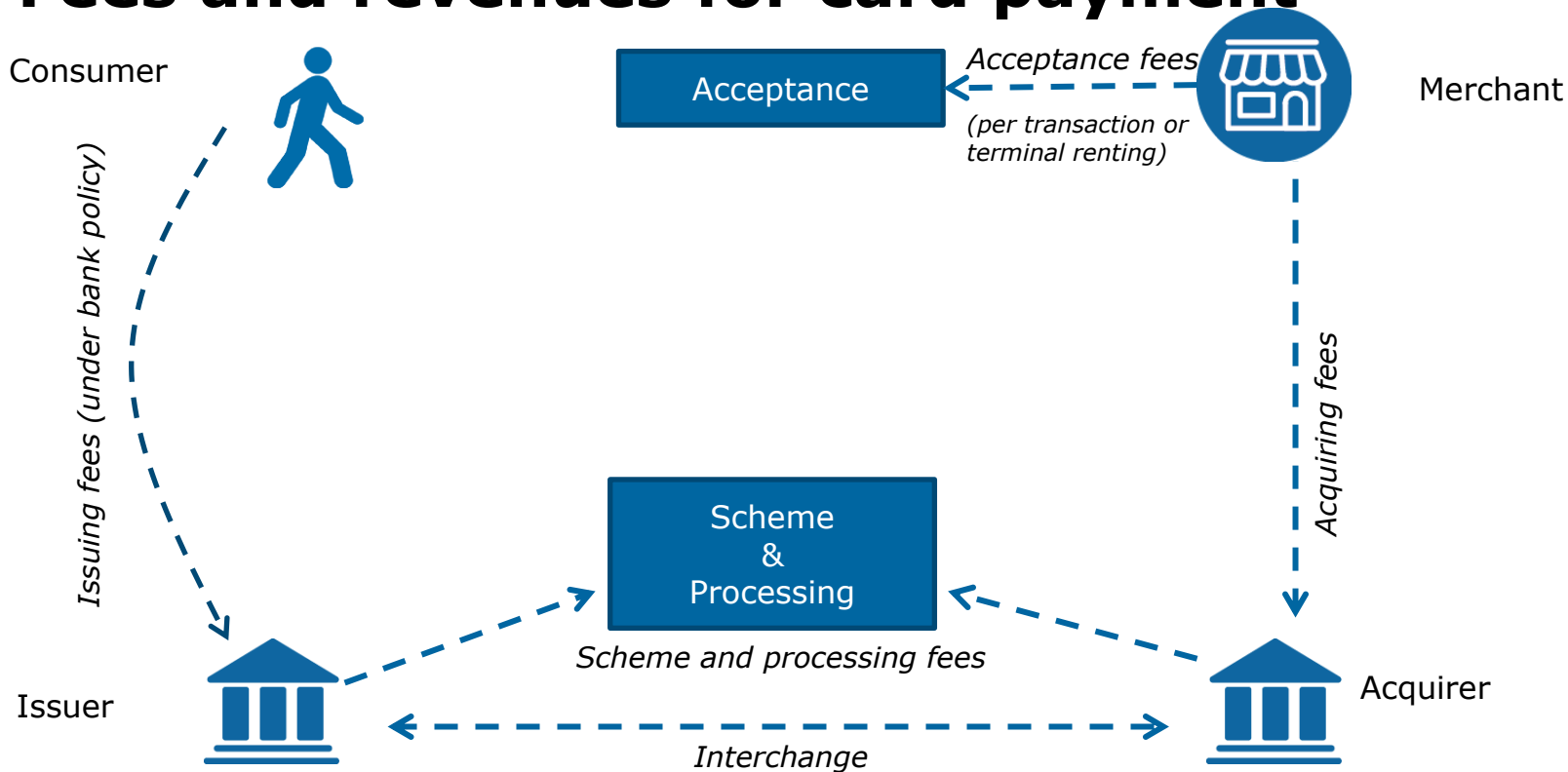
Challenge # 4 (b)

Instant payment as the new normal of the daily life



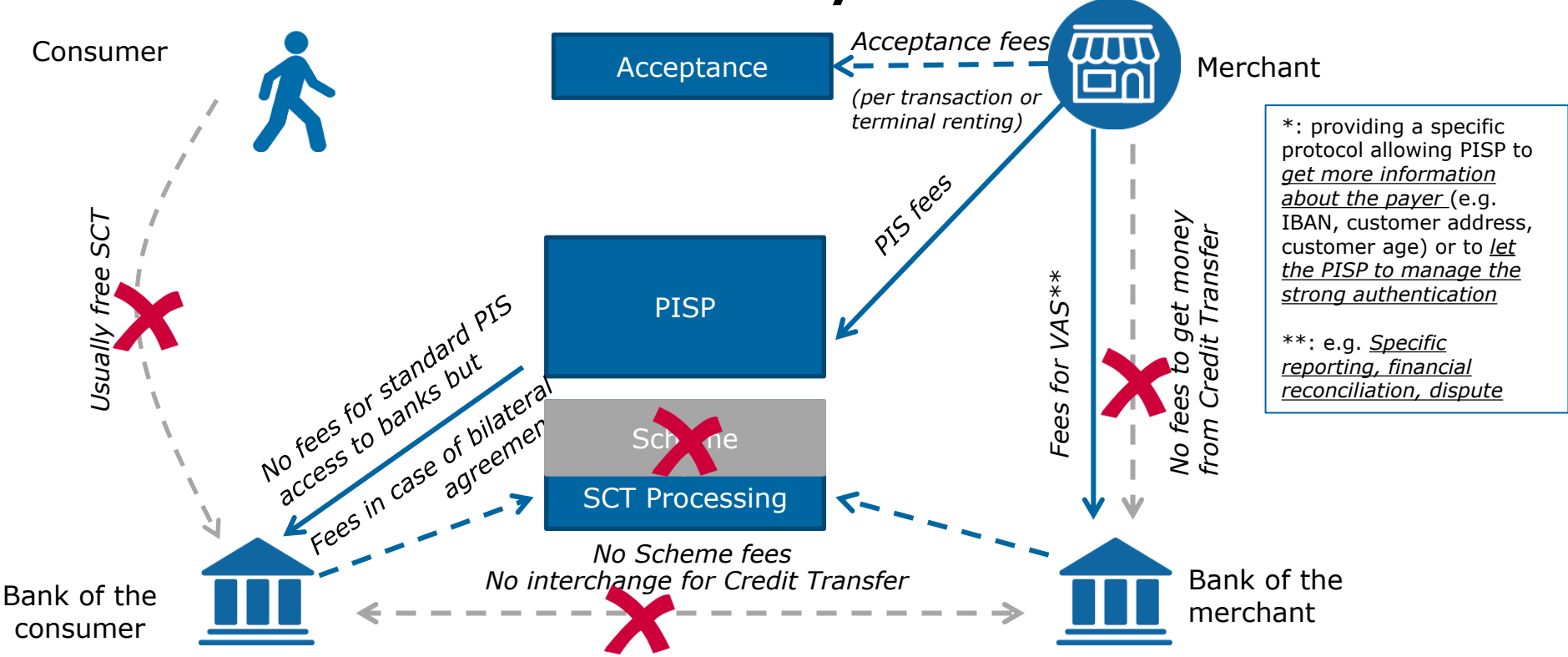
Challenge #5(a): revenue change

Fees and revenues for card payment



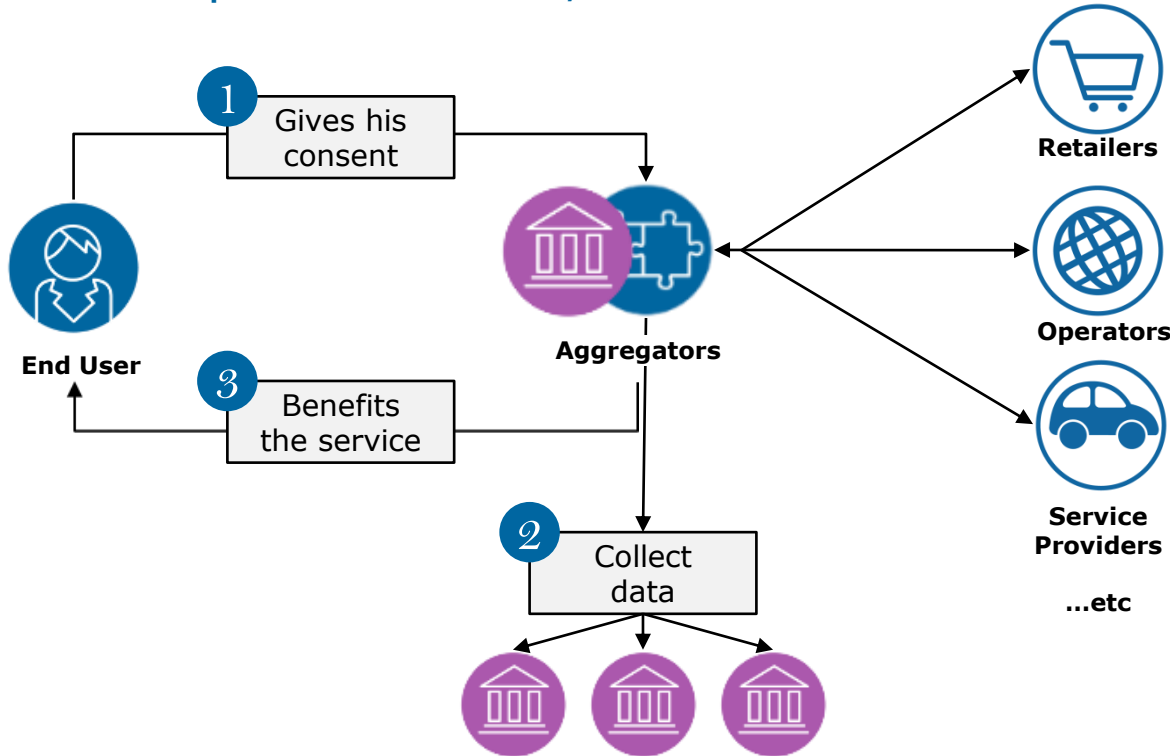
Challenge # 5(b):revenue change

Fees and revenues for PIS/SCT services



Find new revenues

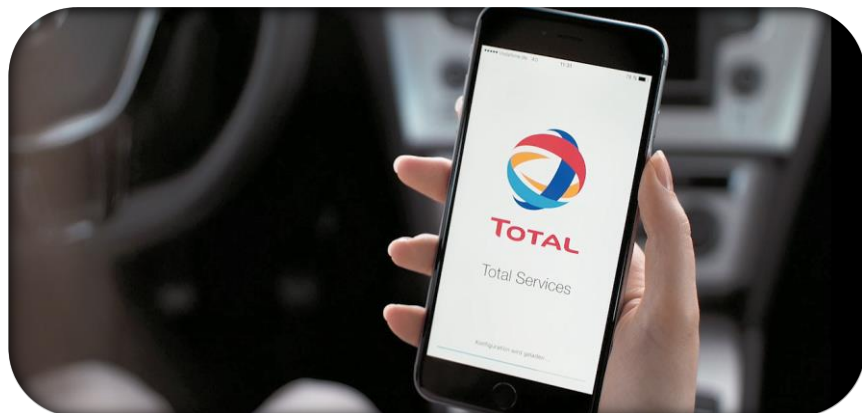
Develop new services, monetize the APIs



Market Place ecosystems

- Commissions for business leads
- % of Cash Back or vouchers
- Monetize premium APIs
 - *KYC data* for enrolment process
 - *customized income summaries*
- Marketing Campaigns
 - *Data analytics*
 - *Segmentation*

A Concrete Mobility Services Strategy



In-vehicle



@ the station

TOTAL eWallet

WL Merchant Wallet

For In-Vehicle Payments



At the Total station,



From his/her Total services app, the driver can...

... select pump number

...choose fuel type

...choose the card I want to use if I have several enrolled cards

...confirm payment intention.
Authentication can be done by PIN, fingerprint, voice...

...get out of my car to refuel it.

Then the customer can immediately go.

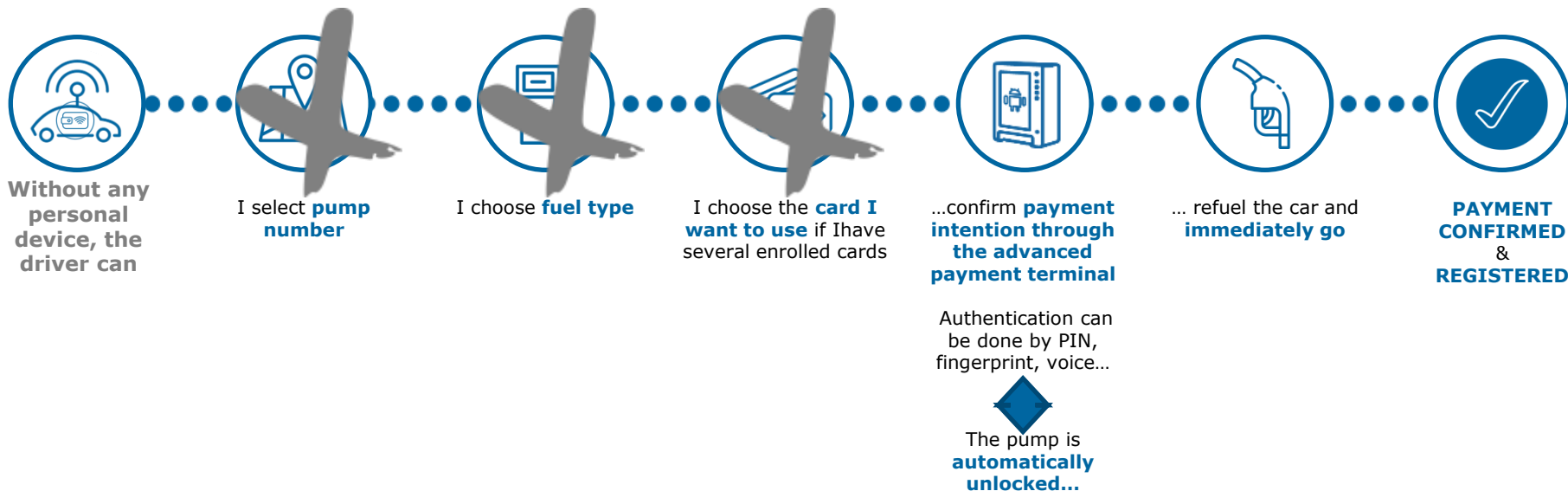
PAYMENT CONFIRMED & REGISTERED



The pump is automatically unlocked...

Merchant Wallet

... towards invisible payments through advanced payment terminals services

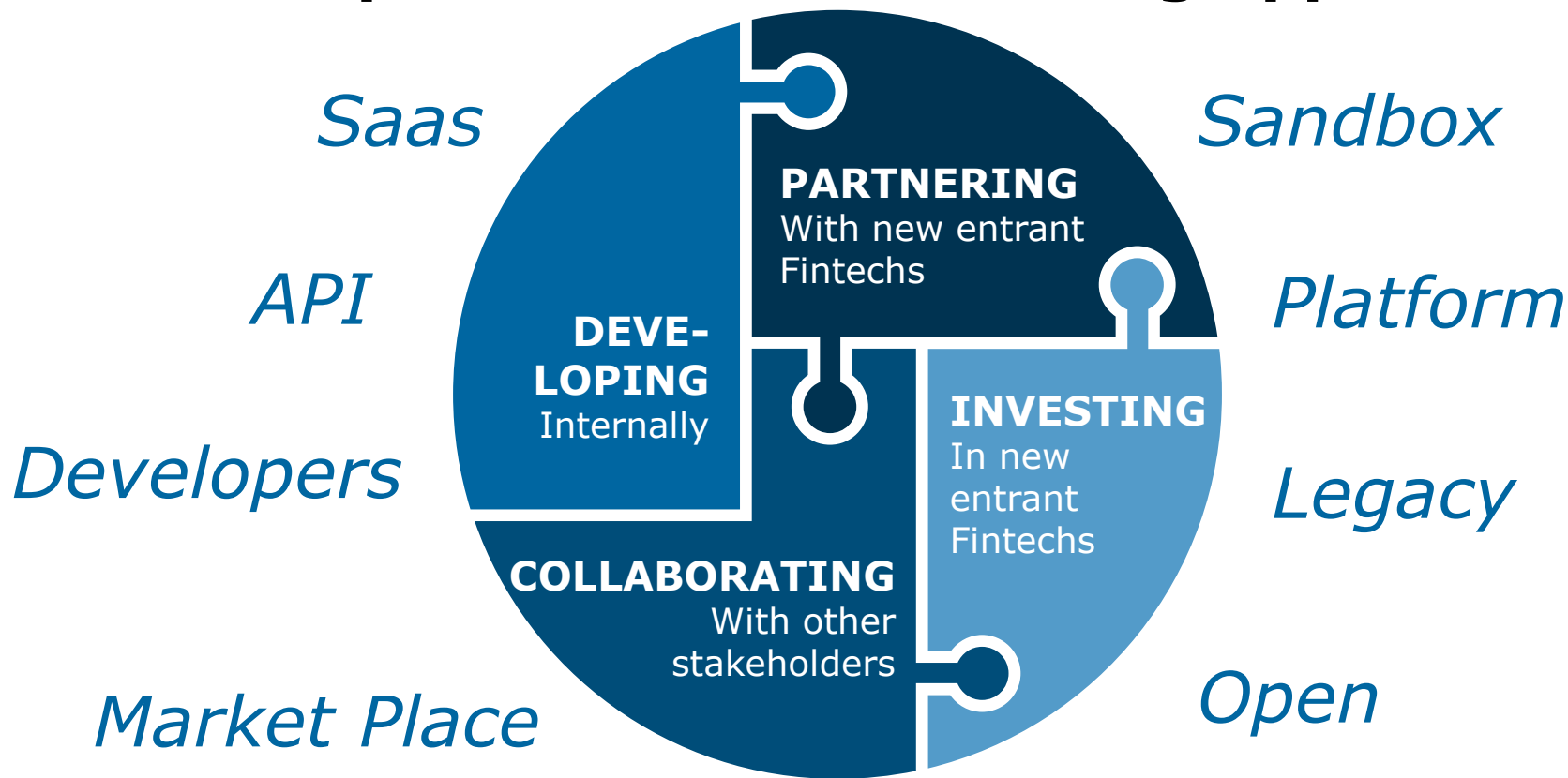


5

Banks, PSP, Fintechs, Gafas
who's who with whom?

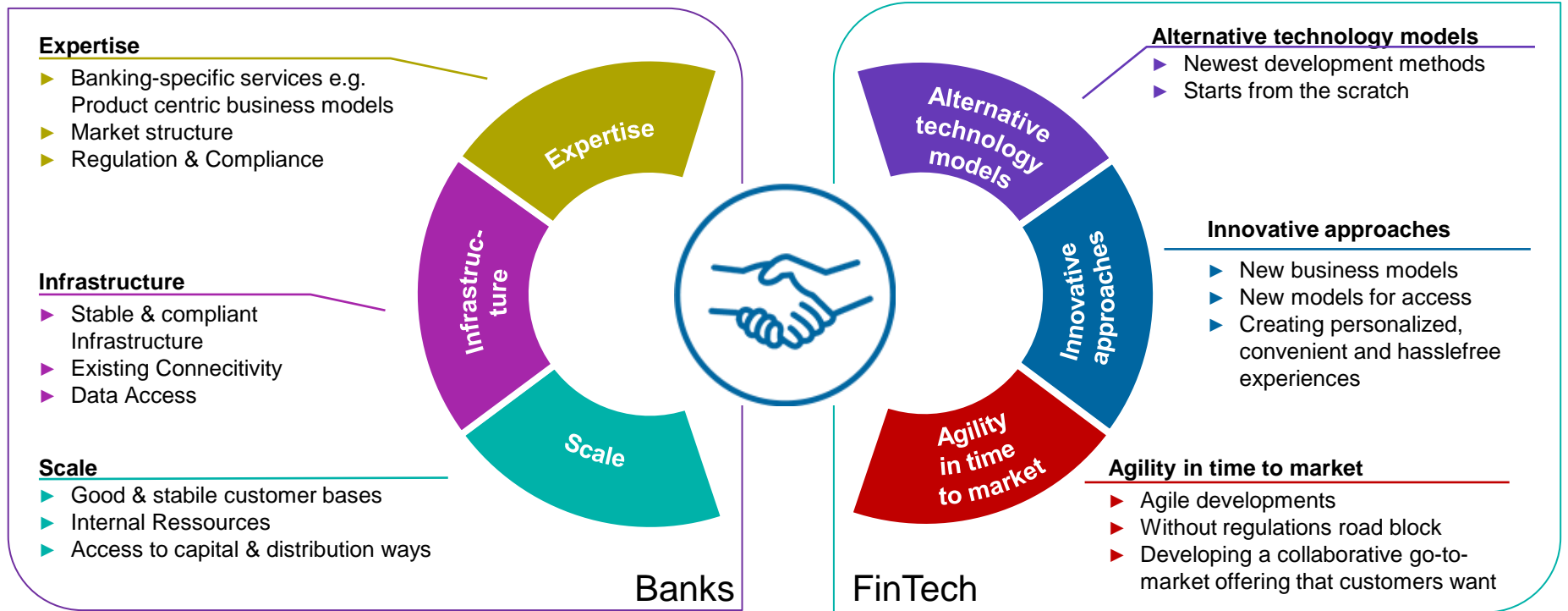
Worldline

Disruption also in the working approach



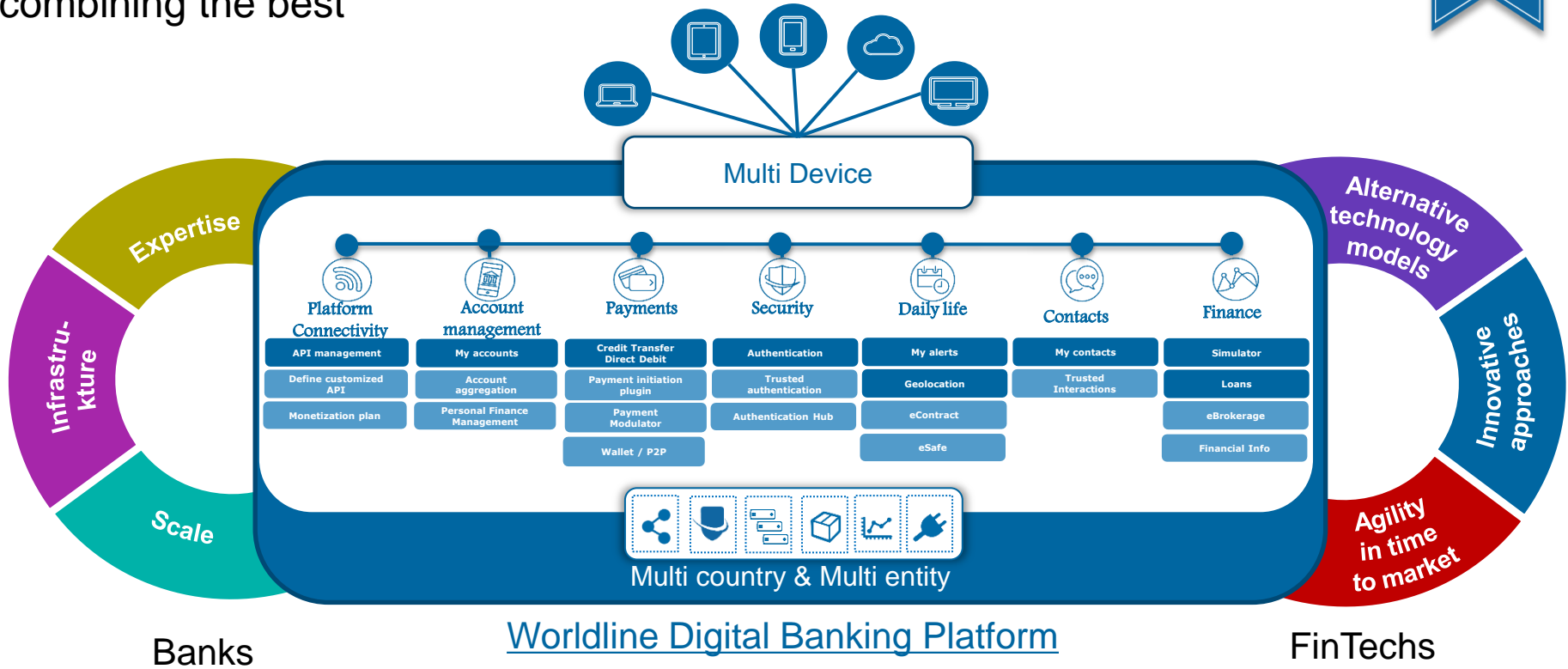
Strengths comparison

Banks vs. FinTechs



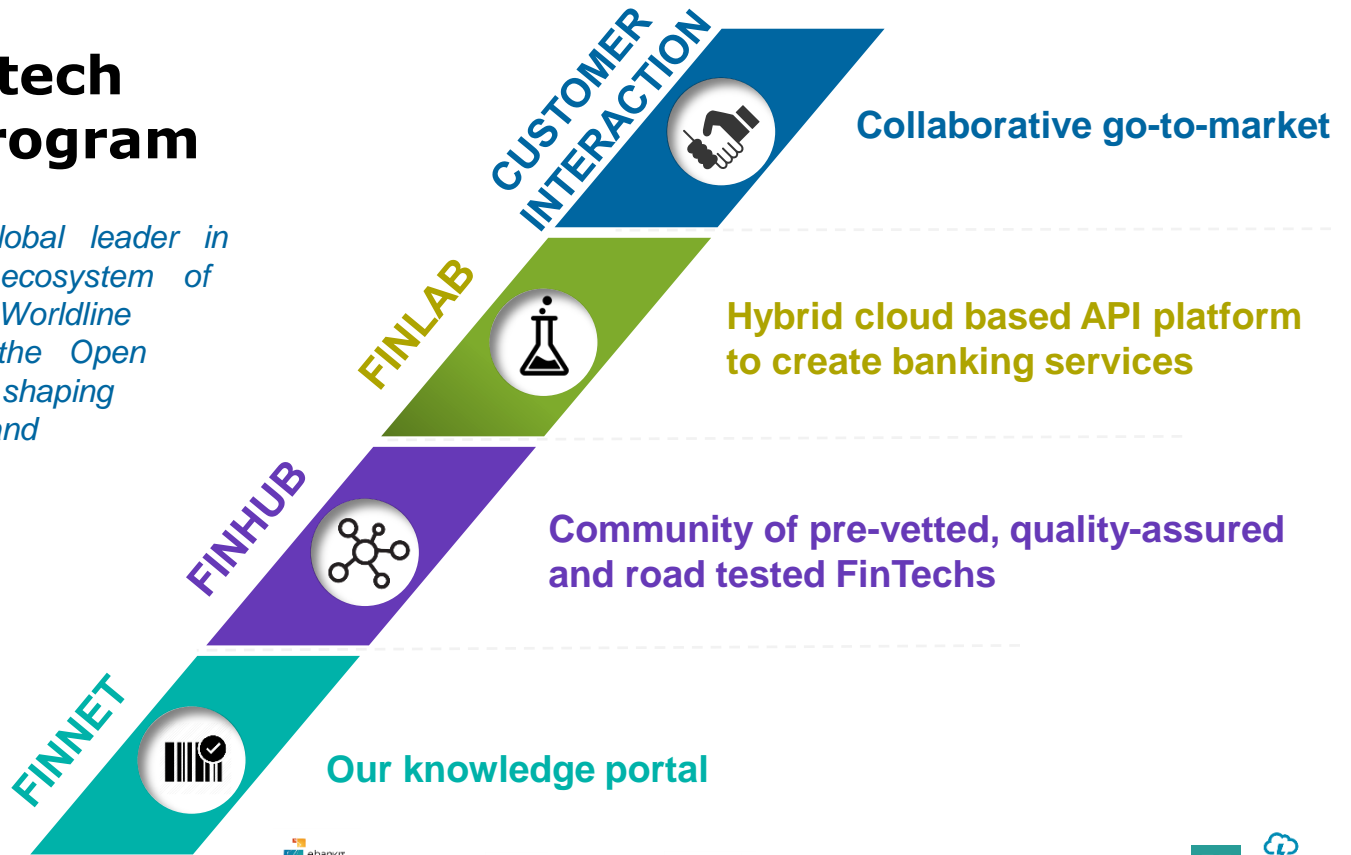
We knit it all together

combining the best



Use case 1#: Atos Group Fintech Engagement program

Our objective: Be the global leader in FinTech by shaping an ecosystem of FinTechs connected to the Worldline Digital Banking Platform, the Open Banking Platform, together shaping the future of the industry and leveraging our strengths!



Use case 2# : TechQuartier Frankfurt – The FinTech-HUB

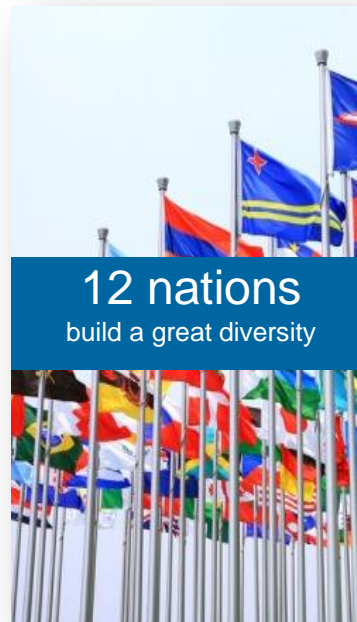
Opening the future by bringing Financial Services business together with FinTechs



Atos and equensWorldline have worked with TechQuartier since July 2017 notably on the 'Papillion' training program, in which 3 selected FinTechs were mentored by Atos experts to develop new services, with access to over 150 Financial Services clients, a global network of Atos Business Technology & Innovation Centers and Atos' [FinLab](#), a hybrid Cloud-based platform to facilitate the creation of new services.



r.a. 76 FinTech members
actually are based at TQ



14 partners
push the success of the members

Use case 3#: Hackathon to co-innovate 1st Worldline e-payment challenge

The 7 challenges



Challenge 1 - European retailer Seamless in-store payment experience

- Create a great and frictionless shopper check-out experience in store!
- Build an innovative customer journey with faster and easier payments while using existing and next-generation technologies in a smart way.
- The objective is to make the act of payment disappear.



Challenge 2 - Nordics bank Integration of receipts and payments transactions

Most flexible bonus system between merchants and banks (especially in GDPR world)



Challenge 3 - International hospitality group proposes 2 challenges

3.1. Seamless guest consumption experience

Enrich the guest payment experience when consuming at hotel/restaurant, bar, wellness center,... in a hotel by using next generation technologies: biometrics technology...

3.2. Community payments

- How to share the bill and pay at restaurant and in a bar in a smart way?
- A group of persons in a restaurant wants to share the bill. It takes time to split the bill and make several payments. Innovation could come from a connected table with a payment functionality onboard.



Challenge 4 - Telco company Instant payments in Telco world

We want to revolutionize mobile payments and carrier billing with a more efficient billing process, not based on consumers' invoices but on credit transfers directly from customers' bank accounts. With PSD2 tools, we expect you to imagine the best customer experience.



Challenge 5 - French bank New payment method

- Today, when paying for an internet purchase, the experience is not really secure & convenient for the cardholder.
- You have 48h to reinvent this experience through the introduction of an internet-dedicated payment method with smart oriented services.



Challenge 6 - Global energy company Digitized fleet cards management

- The company issues private cards for professionals. Companies that use this payment method are requesting the ability to provide their employees a self-managed digitized payment method.
- Objective is to digitalize the current private cards, with self-management capabilities in order to reduce risk and fraud while achieving cost savings.



Challenge 7 - Certification agency B2B e-commerce payments

Accepting payments in online B2B context without current cards payments limitations (cost, threshold,...) but with similar payment guarantees when selling a product or service that costs a few thousands euros online.



- 3 weeks ideation period
- 7 Challenges
- 7 Clients
- 20+ Fintechs
- 30 Business & technical experts

The background features a blue-toned image with a glowing DNA double helix structure in the upper half and a bar chart with many vertical bars of varying heights in the lower half. The number 6 is rendered in a white, hollow, sans-serif font.

6

Conclusion

Worldline

TIME IS NOW!



PSD2, as founding element of the API economy in Europe

Next challenge: finding a good balance between security and open banking

Instant payment, as enabler of payment adapted to mobility and ubiquity

Next challenge: maximising the benefits for businesses and consumers

Biometrics, artificial intelligence, cloud, distributed ledger technology as the next disruptive elements for payment industry

Next challenge: monitoring innovation with a view to avoiding fragmentation at the European level

The last but not least: **Making electronic payment options available to all Europeans** and ensuring that they work EUwide

Meet us at:



THANK YOU

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BRYAN, GARNIER & CO

Club Tech

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