

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

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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.

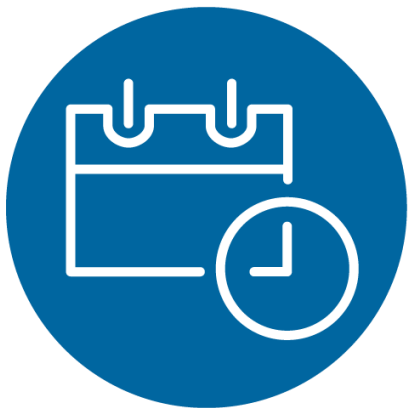
Digital disruption is a change to the traditional market in its current form by creating a new market enabled by the use of innovative technologies, which includes new ways of customer interaction in order to enhance customer experience. »

**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

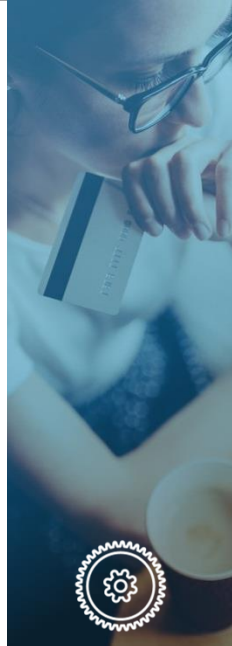


## MERCHANT SERVICES

- 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

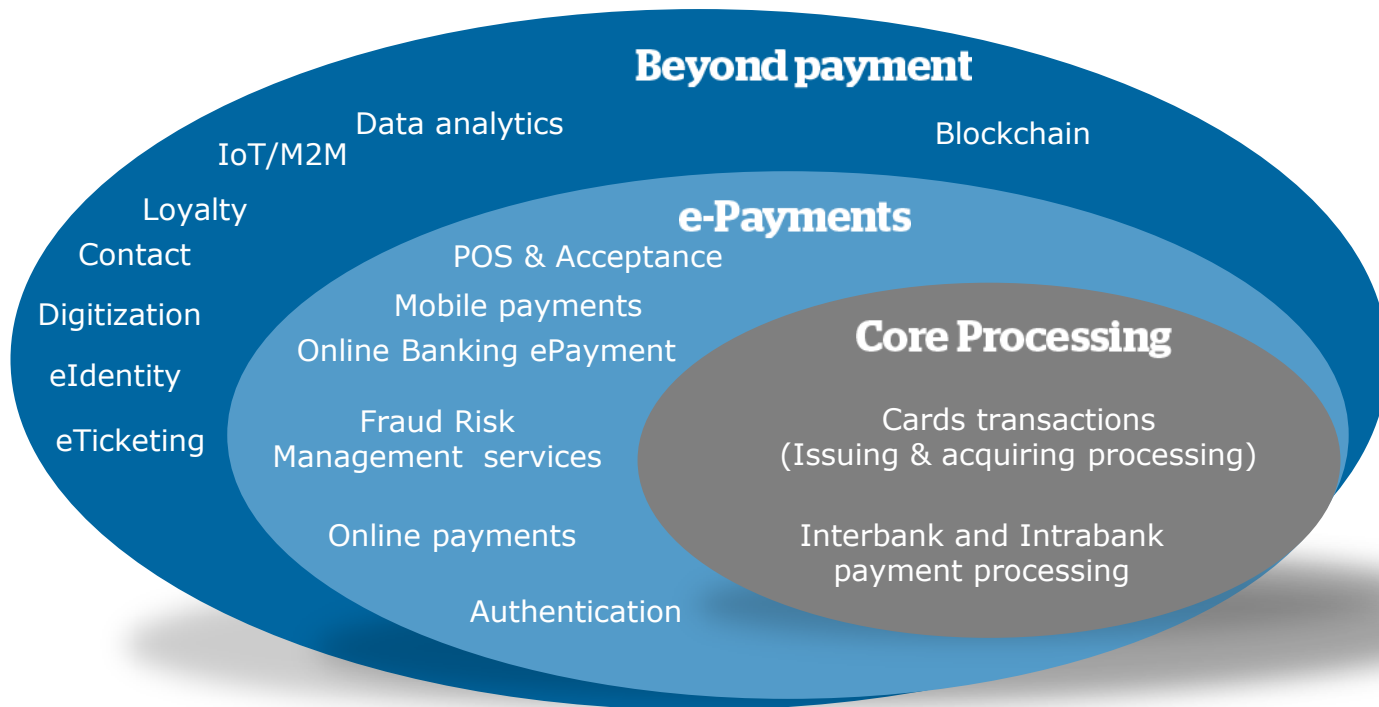
**€0.4 billion**  
annual revenue (15%)

**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-oriented.

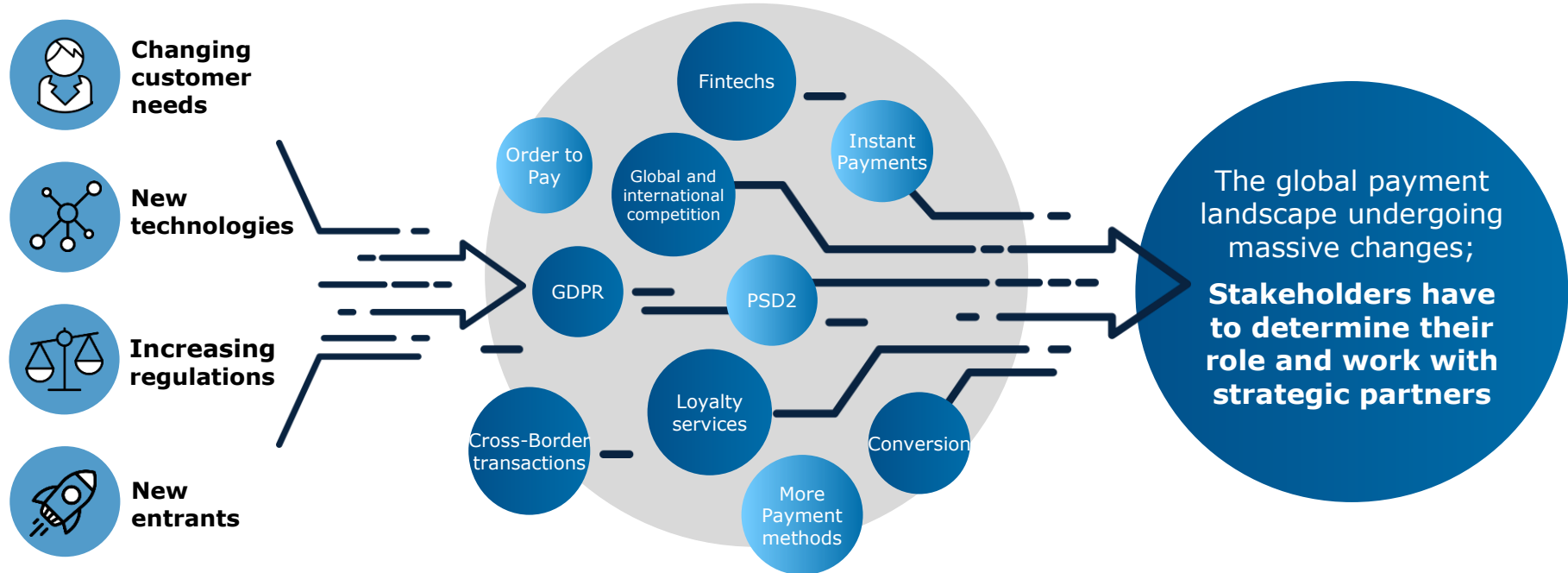
2

Drivers for change  
Regulation but not only

**Worldline**

# Many things happening

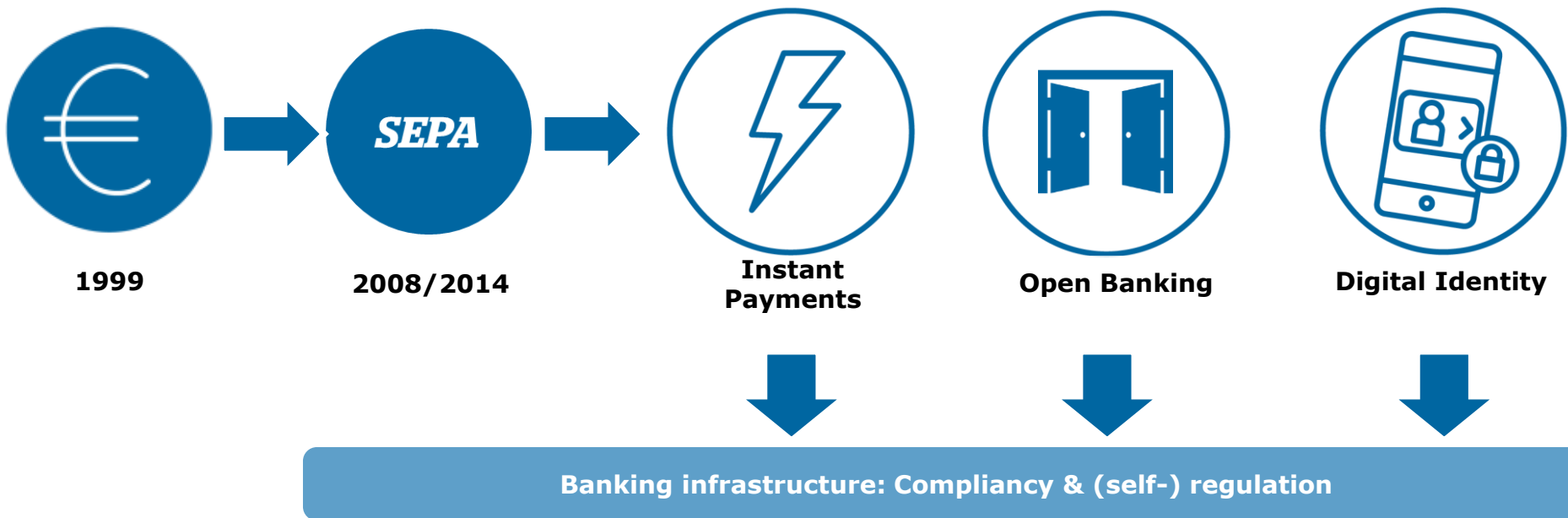
Trends are driving change in the payments landscape





# In response, payment is transforming

Preparing the industry for the demands of the digital economy





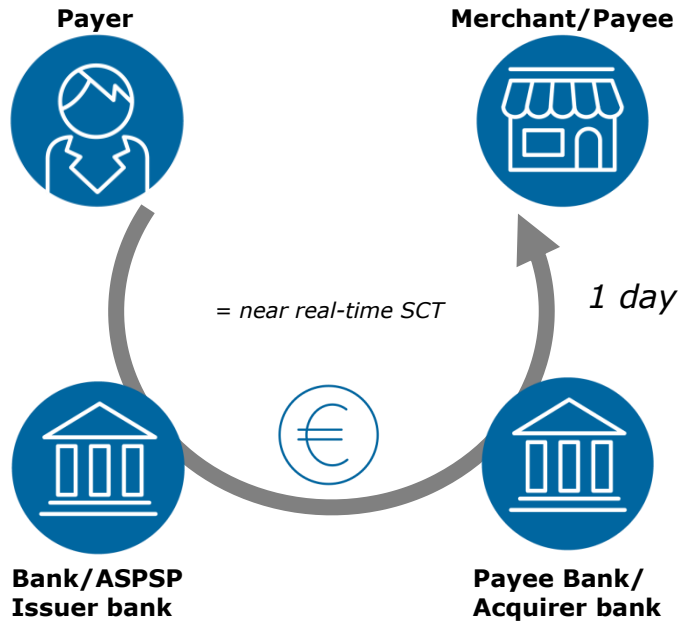
3

PSD2 & Instant Payment  
Digital transformation

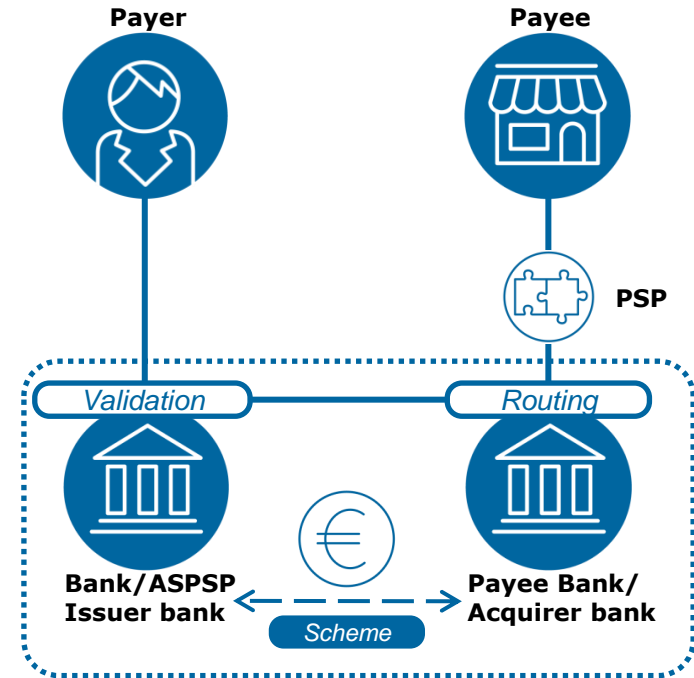
Worldline

# PSD1 and SEPA, the prerequisites for digital transformation

## SEPA

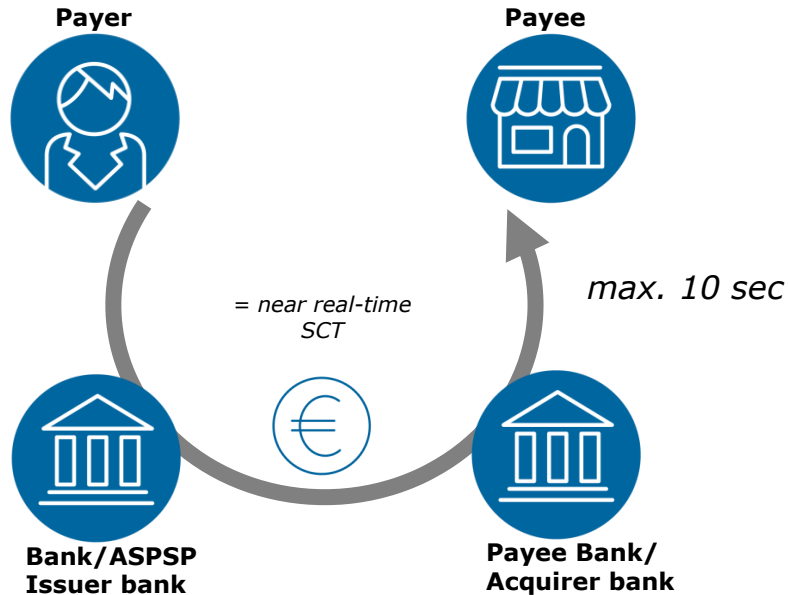


## PSD 1

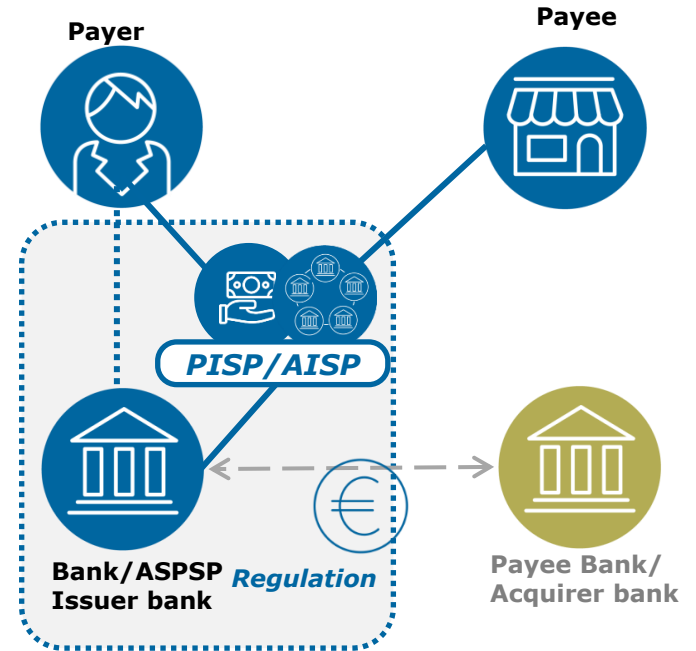


# Instant Payments and PSD2, the prerequisites for the digital disruption

## Instant Payment



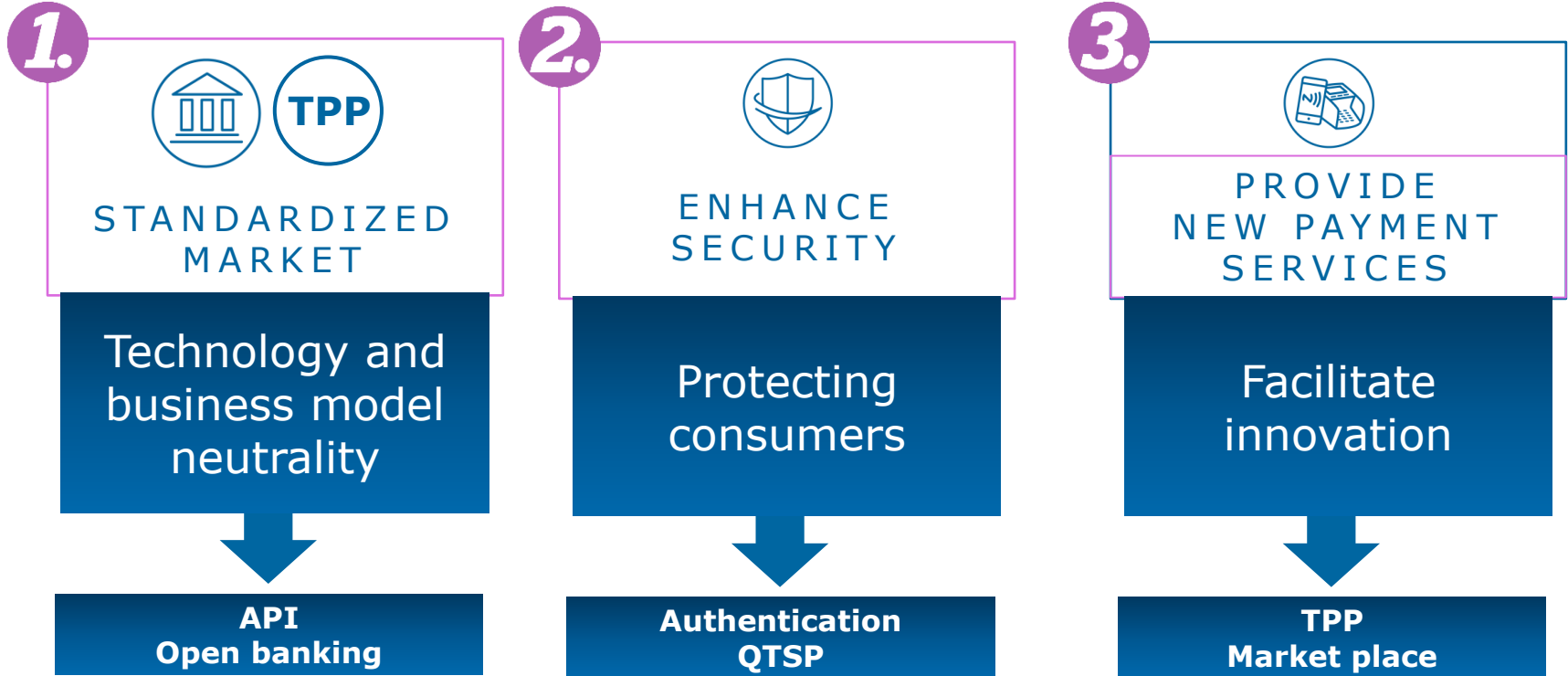
## PSD 2





# 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

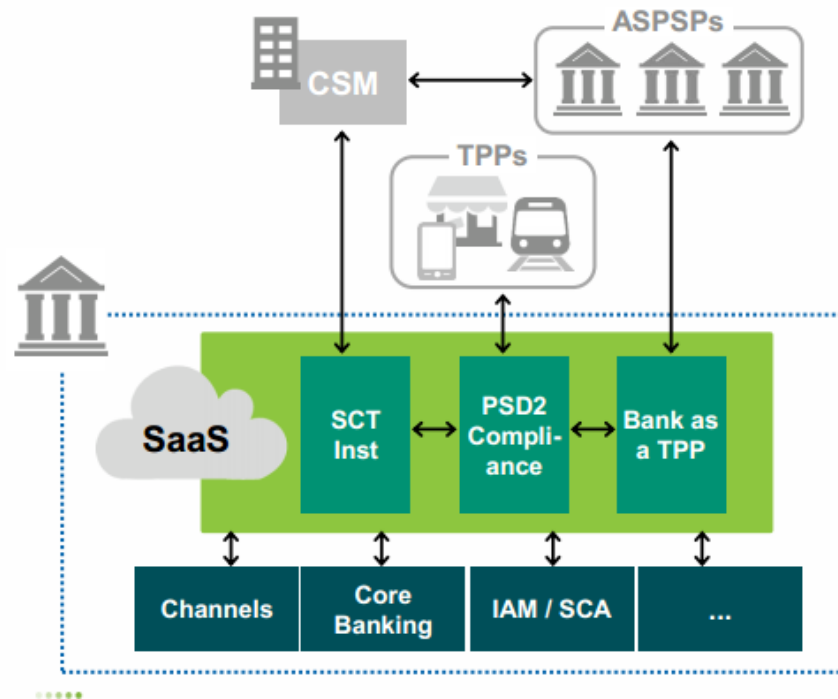


Diagram from external source

# 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**

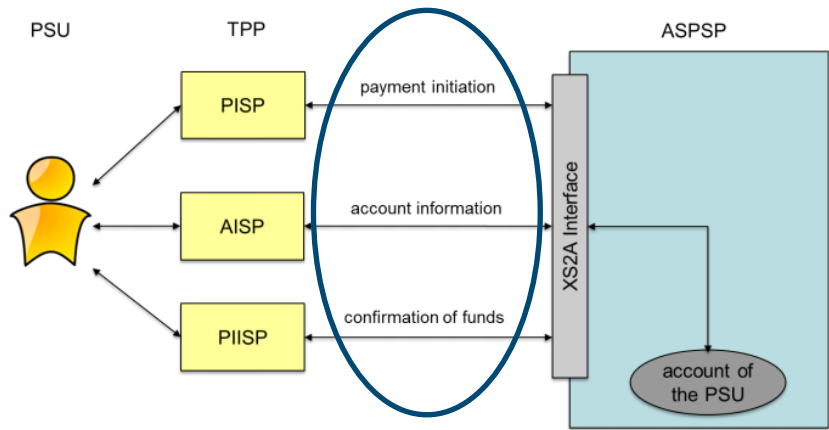
- Need for clarifications on certain aspects of the RTS on SCA&CSC;
- Extension of EBA's Q&A and Single Rulebook tool to PSD2;
- Support the industry in the development of APIs;
- Assessments to exempt ASPSPs from fall back under Art 33;
- Clarification on eIDAS

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



# APIs: which standardization?

**1.** STANDARDIZED MARKET



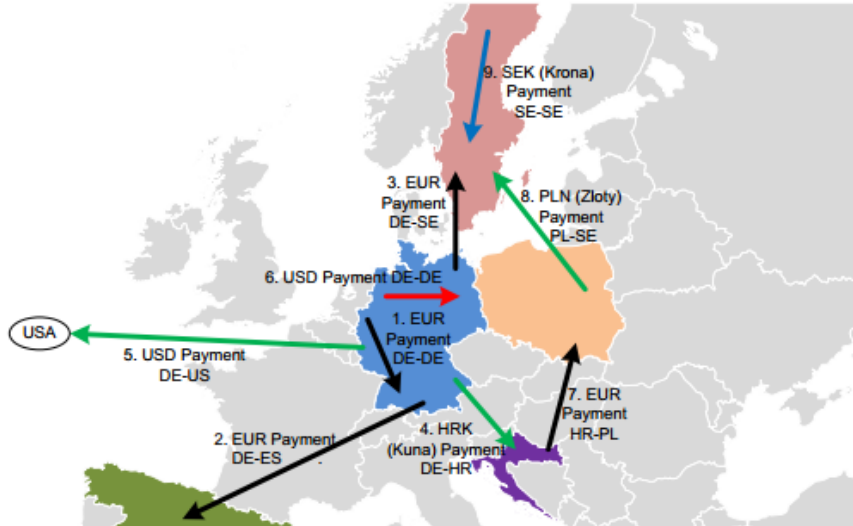
~45  
implementers  
options



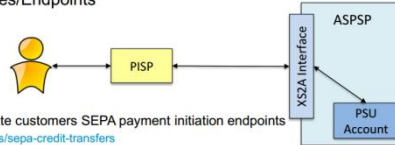
# PIS: which payment?

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<sup>Inst</sup>)

- 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.

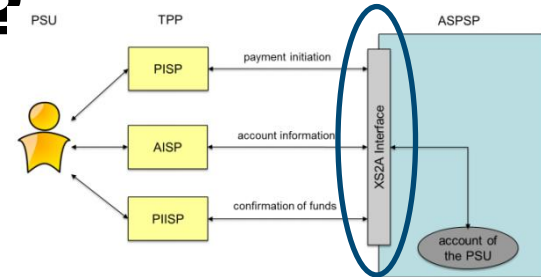
### Domestic Payments in foreign currency

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

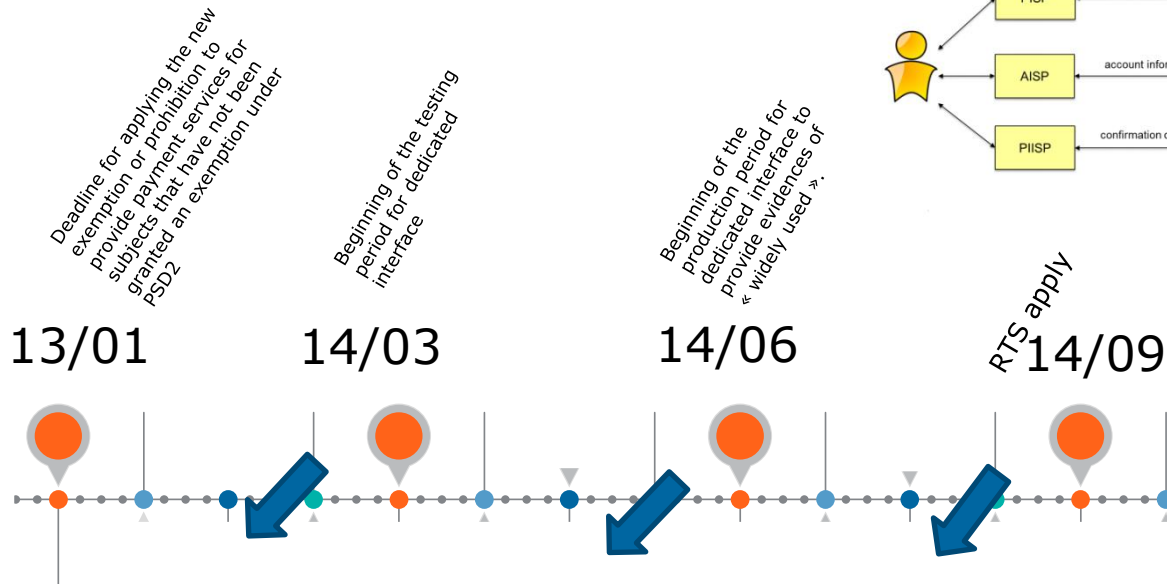
### Cross-Border Payments (non EUR)

- 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



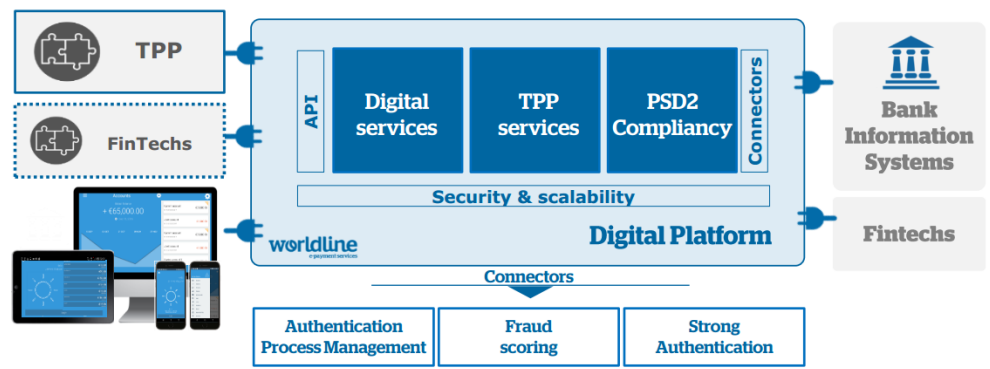
### Digital Banking Platform

The back-end that supports fast channel developments



### Open Financial API Services

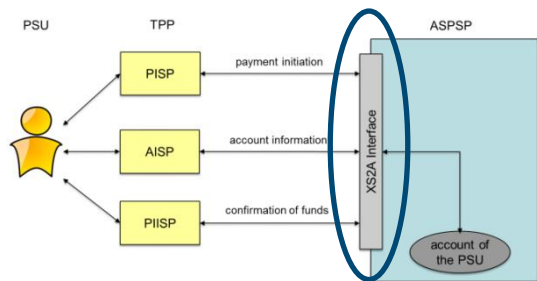
Accelerate innovation by using open APIs





# WL open banking services

## a real European deployment



**31**  
**banks**

**12**  
**countries**

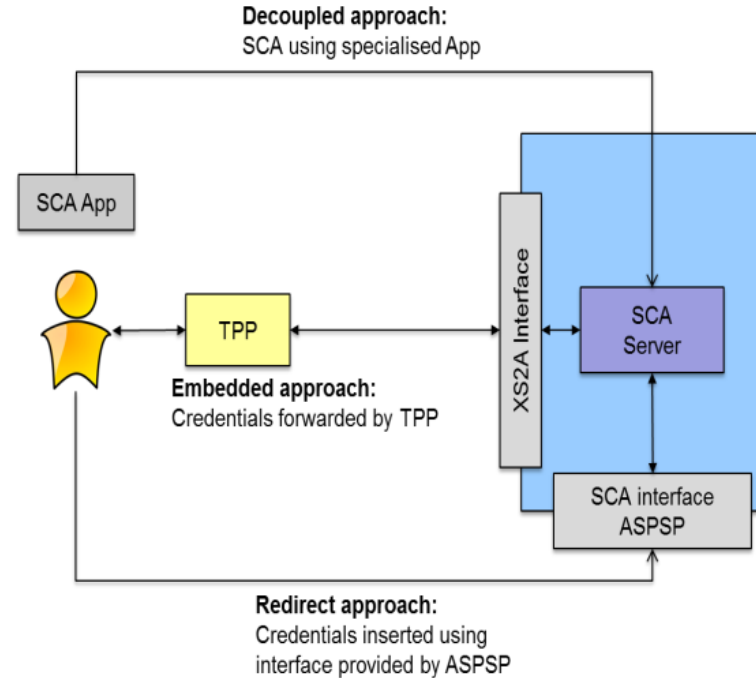
# Strong Customer Authentication

## 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

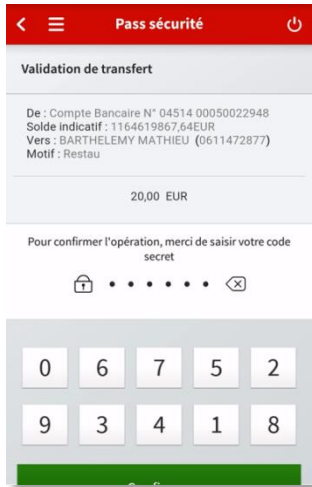


# WL Trusted Authentication

Seamless and simple customer journey with decoupled approach



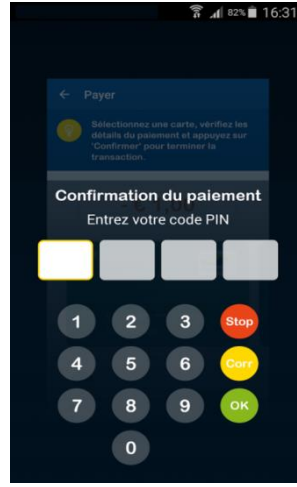
# European References



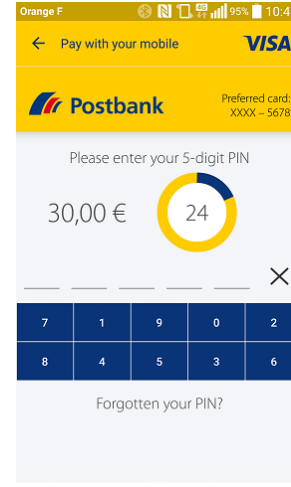
Société Générale  
Mobile application  
(credit validation)



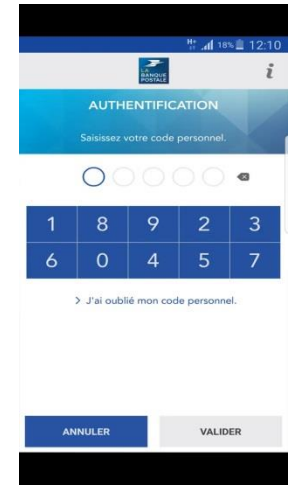
French inter banking  
wallet PAYLIB  
(sample from BNPP  
Payment validation)



Belgium scheme: BCMC  
wallet (P2P payment  
validation)



German POC for  
proximity NFC payment  
(validation)



La Banque Postale  
Application  
Mes paiements

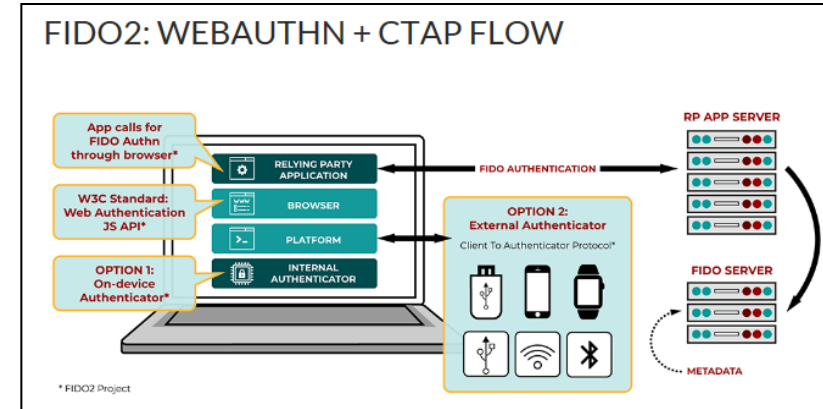
# FIDO Alliance: the authentication based on API

**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.

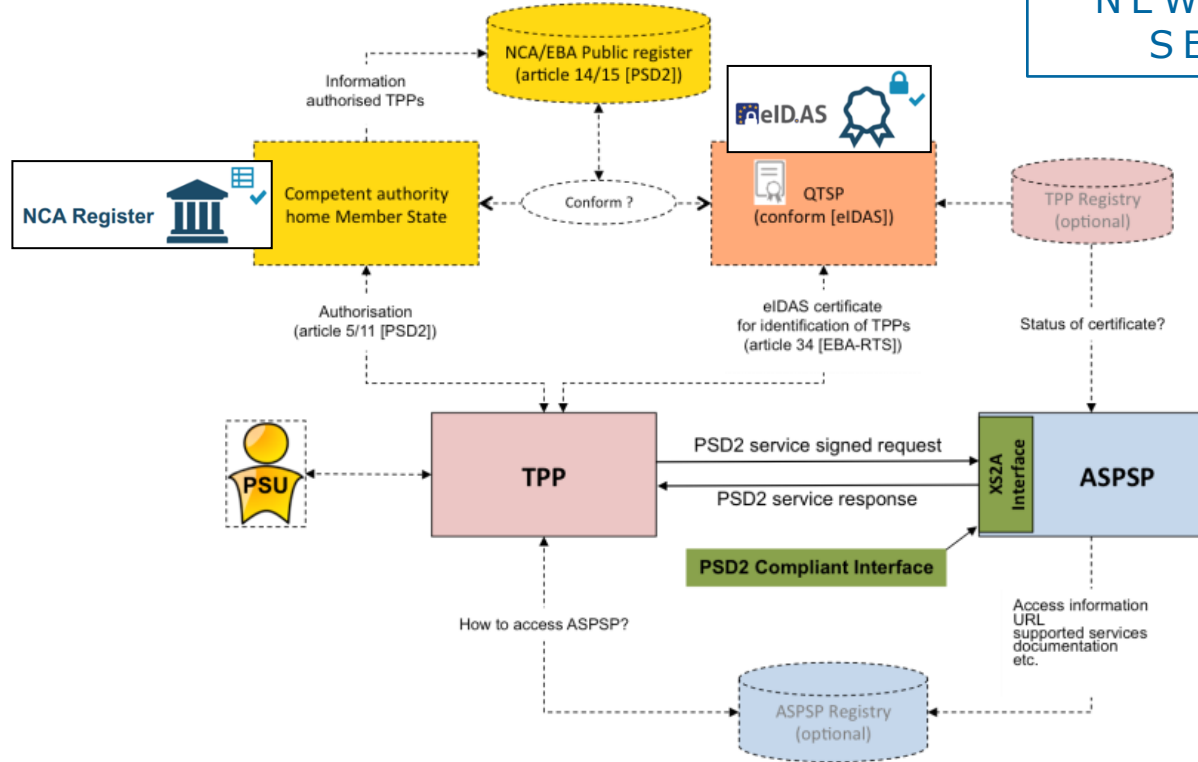
**Multiple major web browsers** including Chrome, Firefox and Microsoft Edge have implemented the standards; Android, Windows 10 and related Microsoft technologies also will have built-in support for FIDO Authentication



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



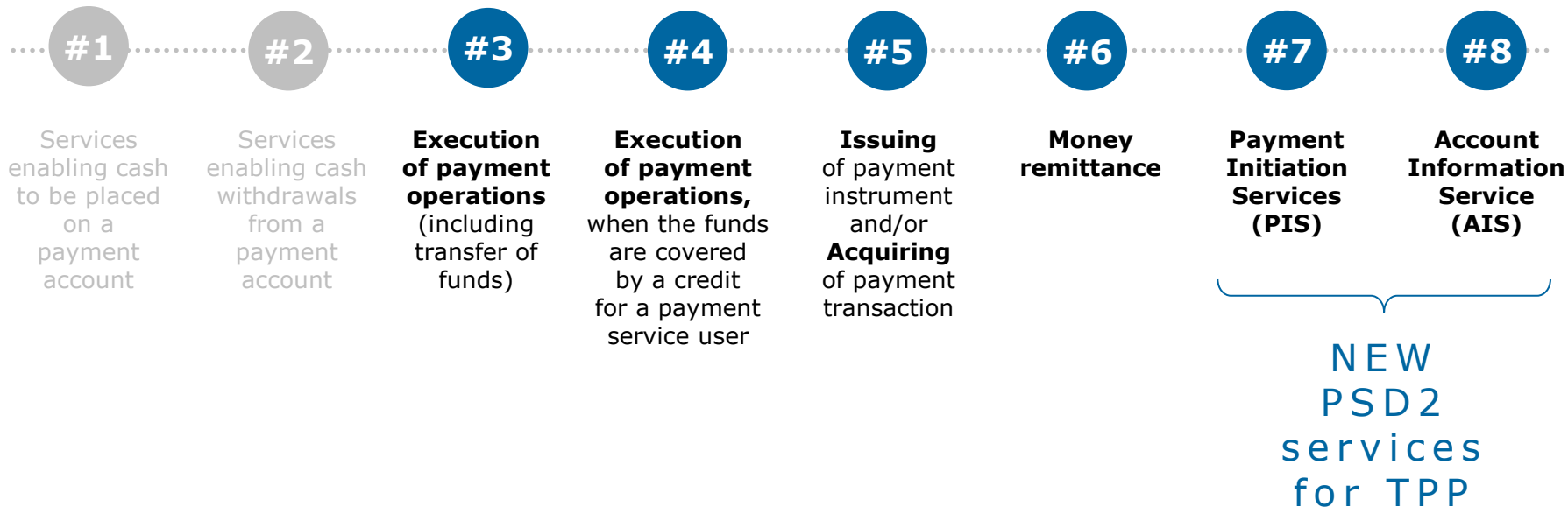




# Worldline, PSD2 licensed payment provider

Covering now 6 services out of the 8

OFFER  
Worldline



# 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

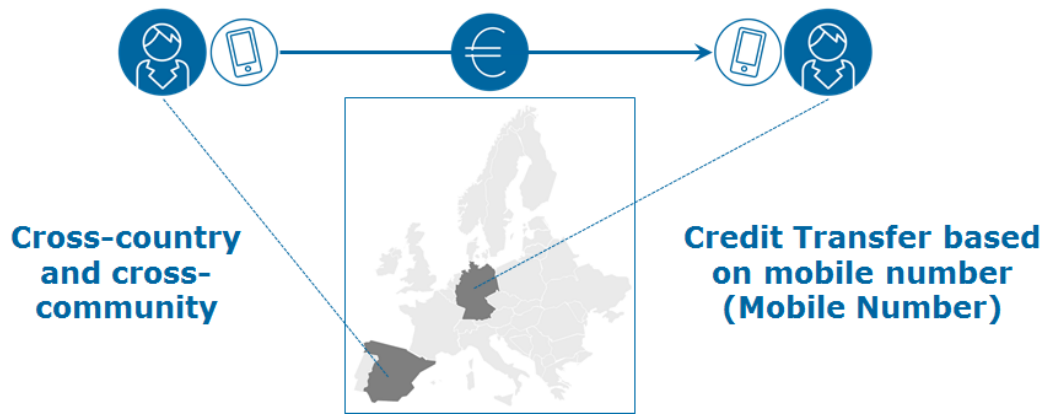


For banks	For merchants
WL payments processing back office	WL online acceptance
	WL merchant wallet
WL clearing & settlement	WL Third Party Provider
	WL e-invoicing

# SEPA Proxy Lookup Service

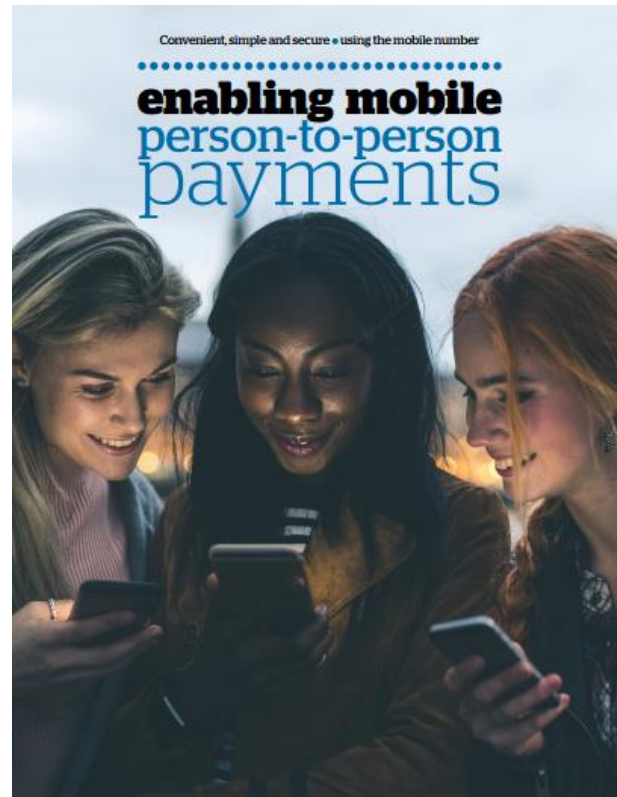
## Service Description – Use Case

### 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)



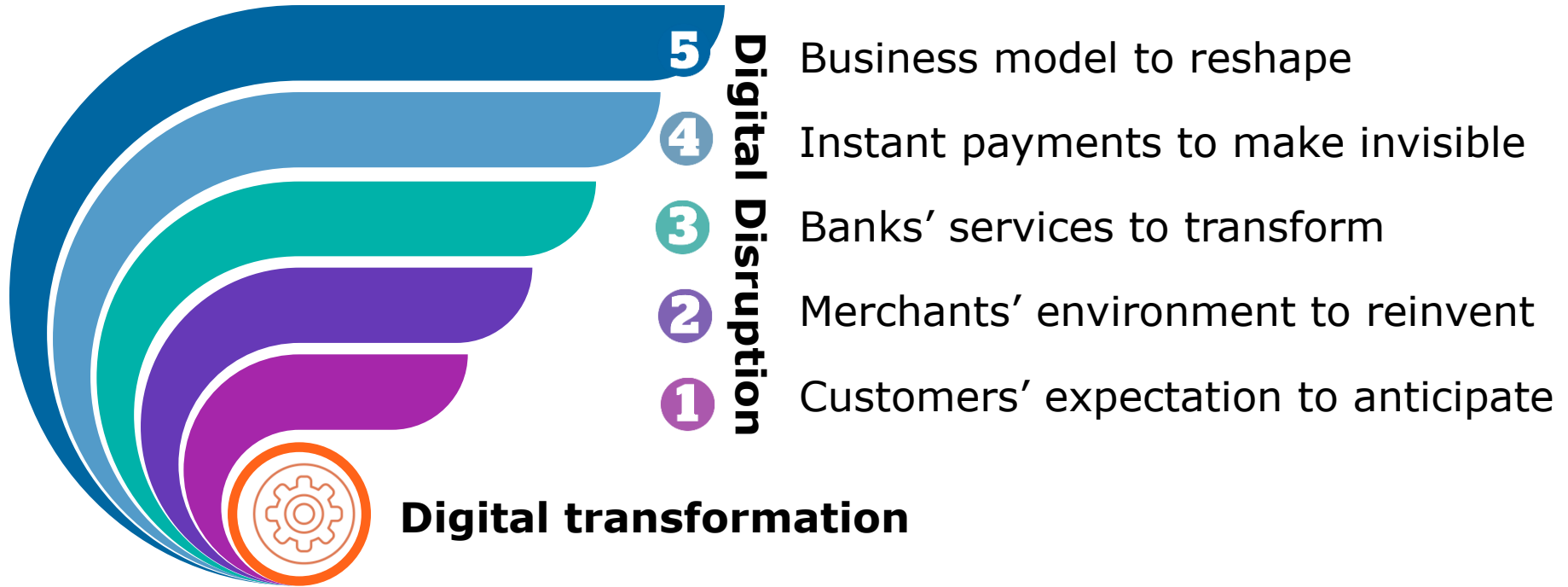


4

PSD2 & Instant payment  
Digital disruption

Worldline

# The 5 challenges to succeed in the disruption



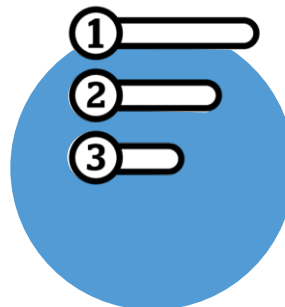
# Challenge # 1: customers' new expectation



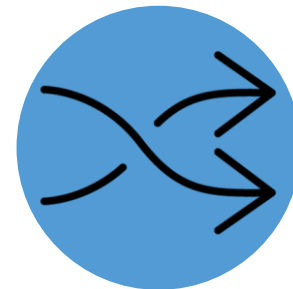
***Personalized,  
simple & instant**  
interactions expected*



*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***



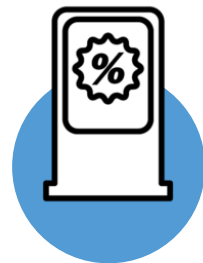
***Wearable devices***



***e-Wallets***



***Seller Tablets***

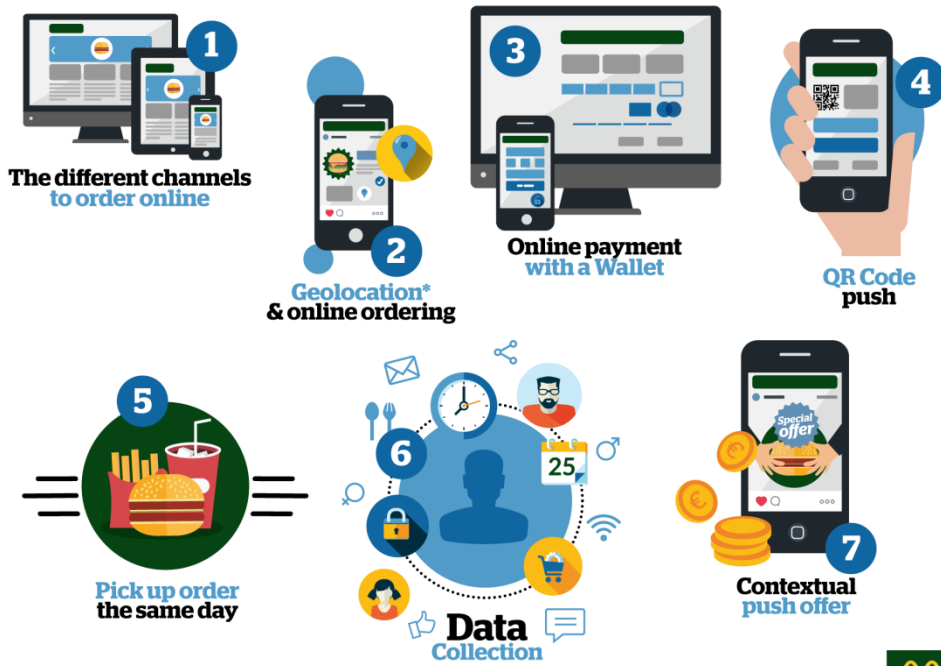


***Kiosks & Digital Signage***



***Smart Furniture***

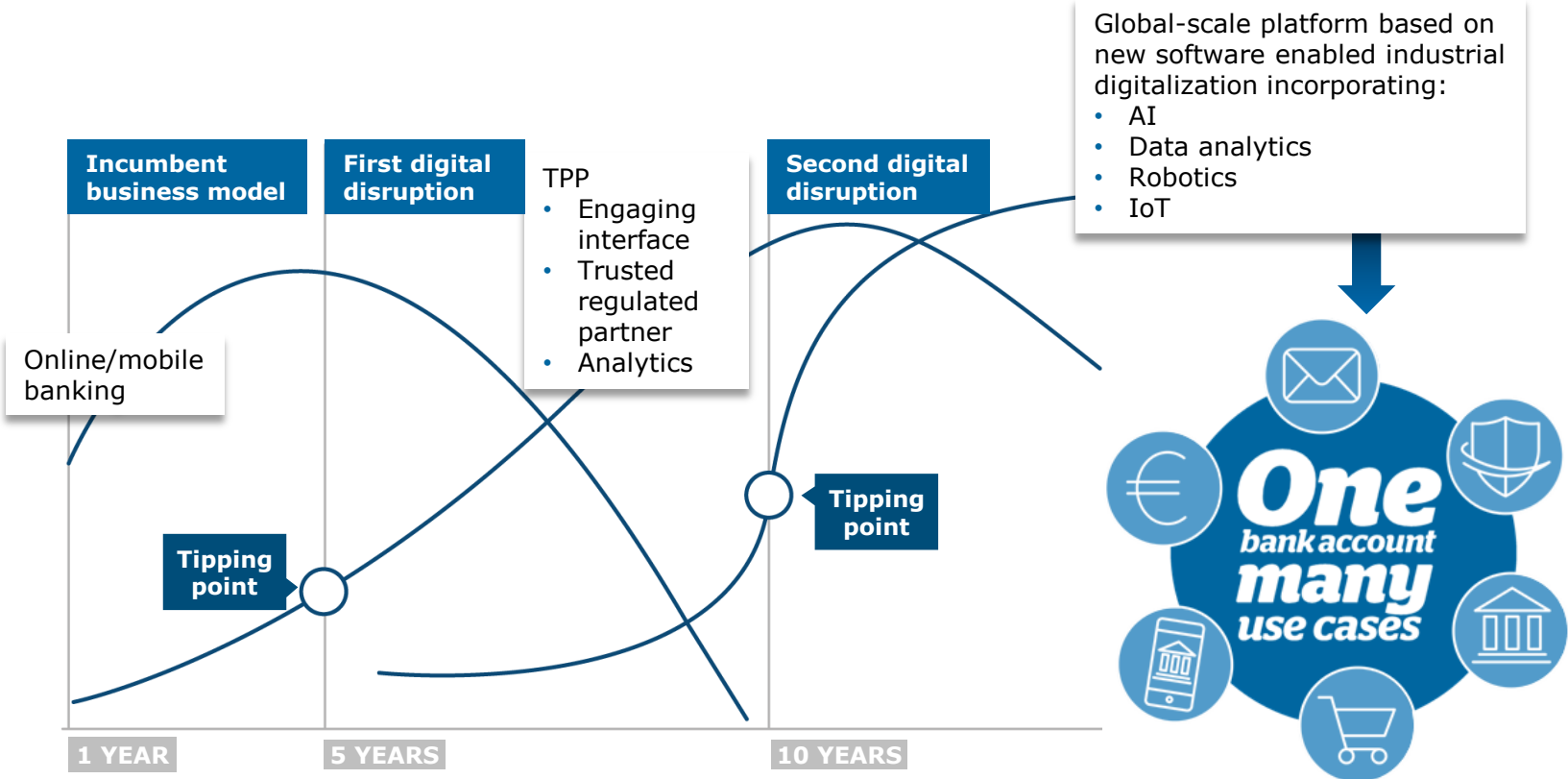
# McDonald's France customer journey



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



# Challenge # 3: to re-invent the banking services



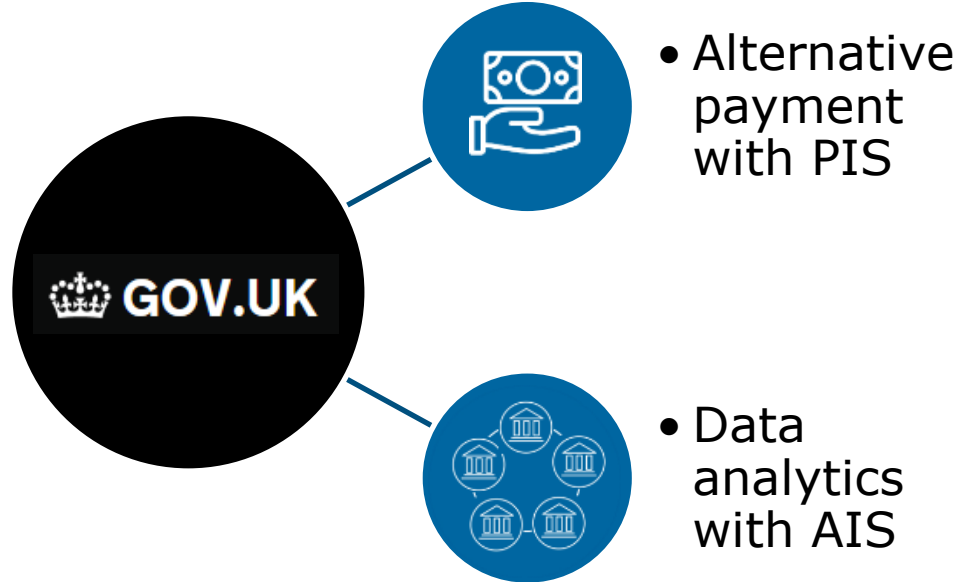


# GOV.UK faces with new opportunities via PSD2



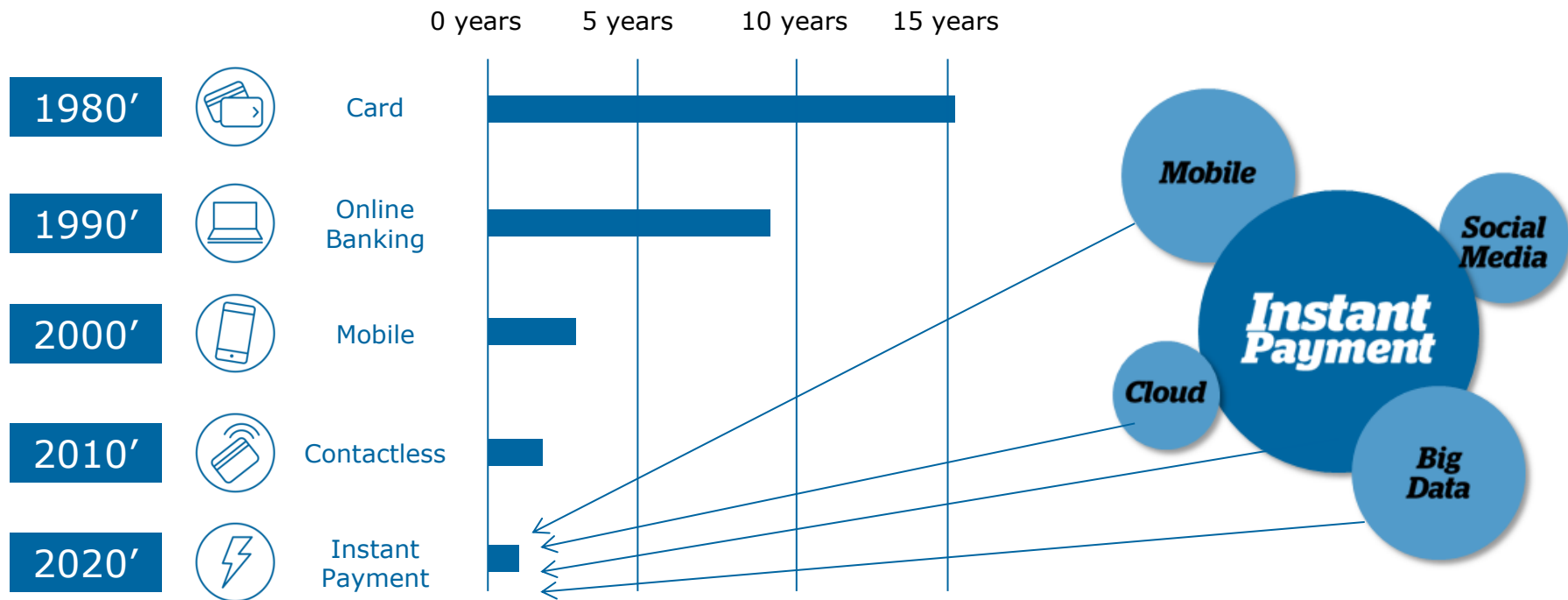
## Four objectives

- **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



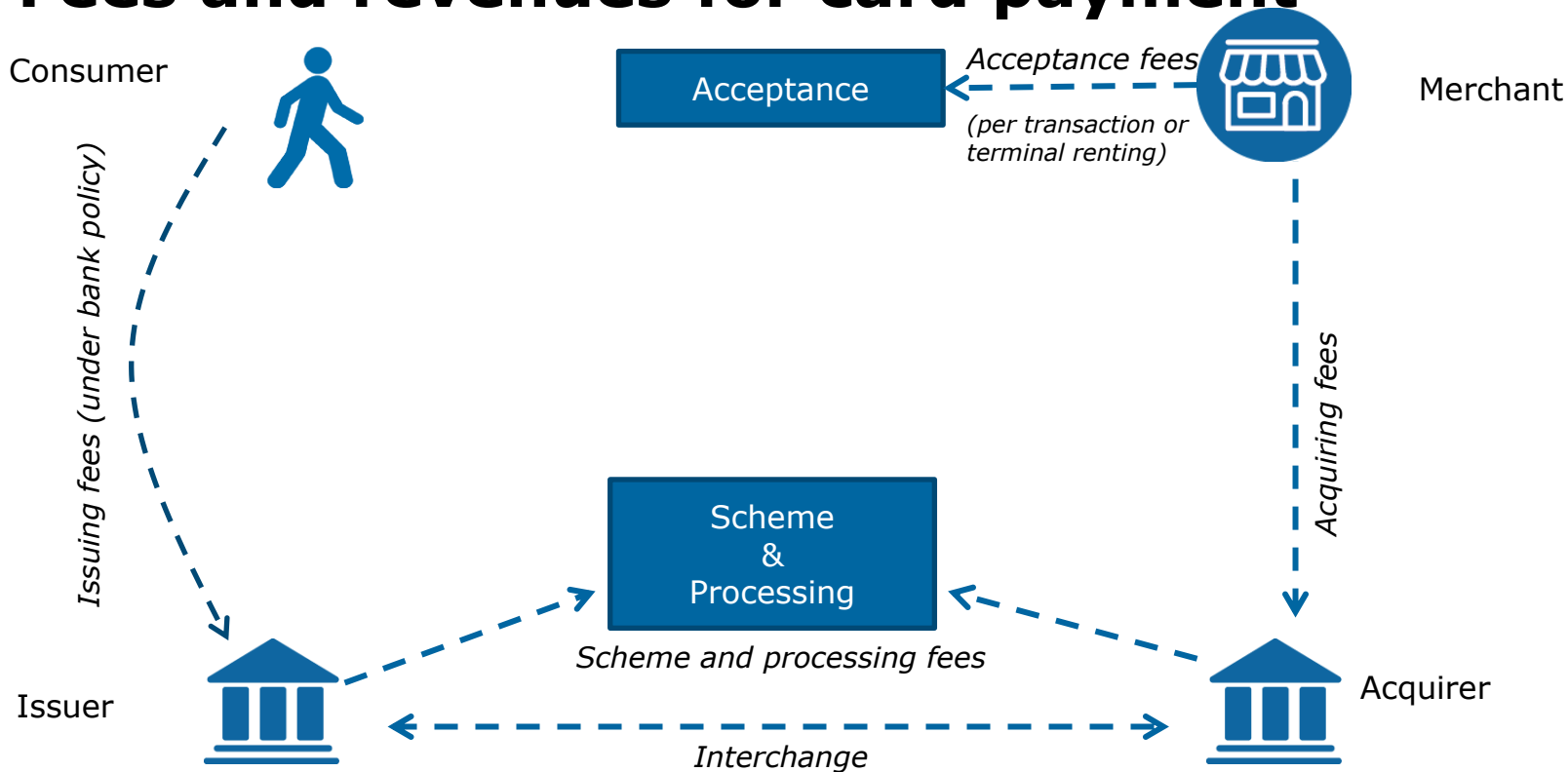
# Challenge # 4 (b)

## Instant payment as the new normal of the daily life



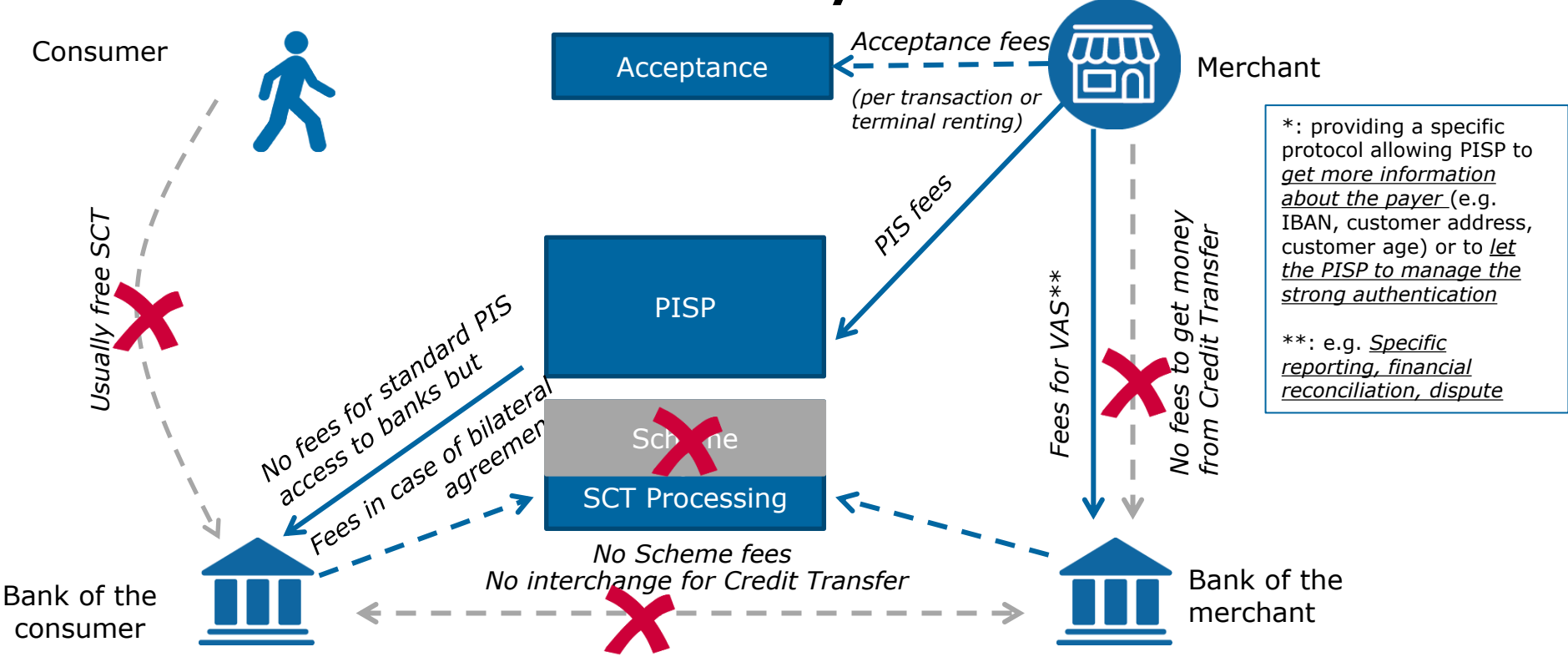
# Challenge #5(a): revenue change

## Fees and revenues for card payment



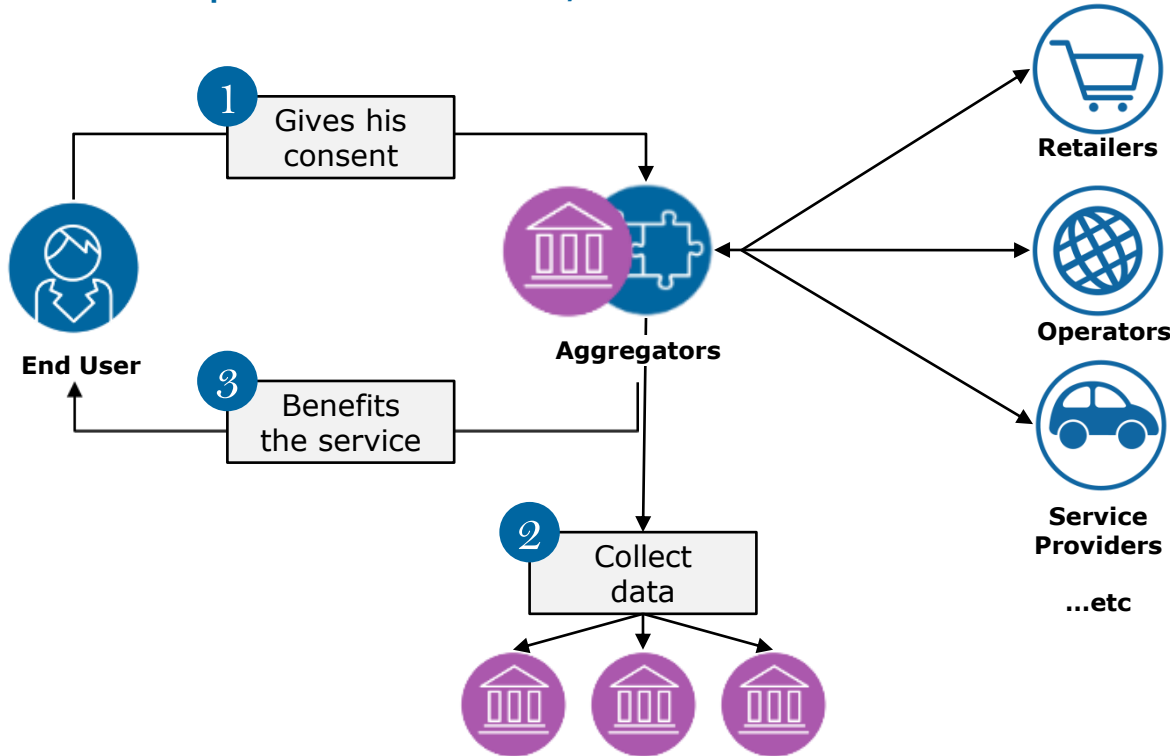
# Challenge # 5(b):revenue change

## Fees and revenues for PIS/SCT services



# Find new revenues

Develop new services, monetize the APIs

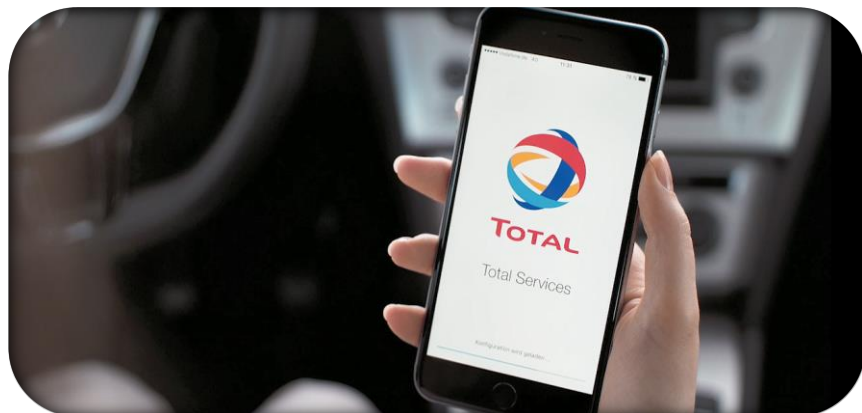


## Market Place ecosystems

- 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.

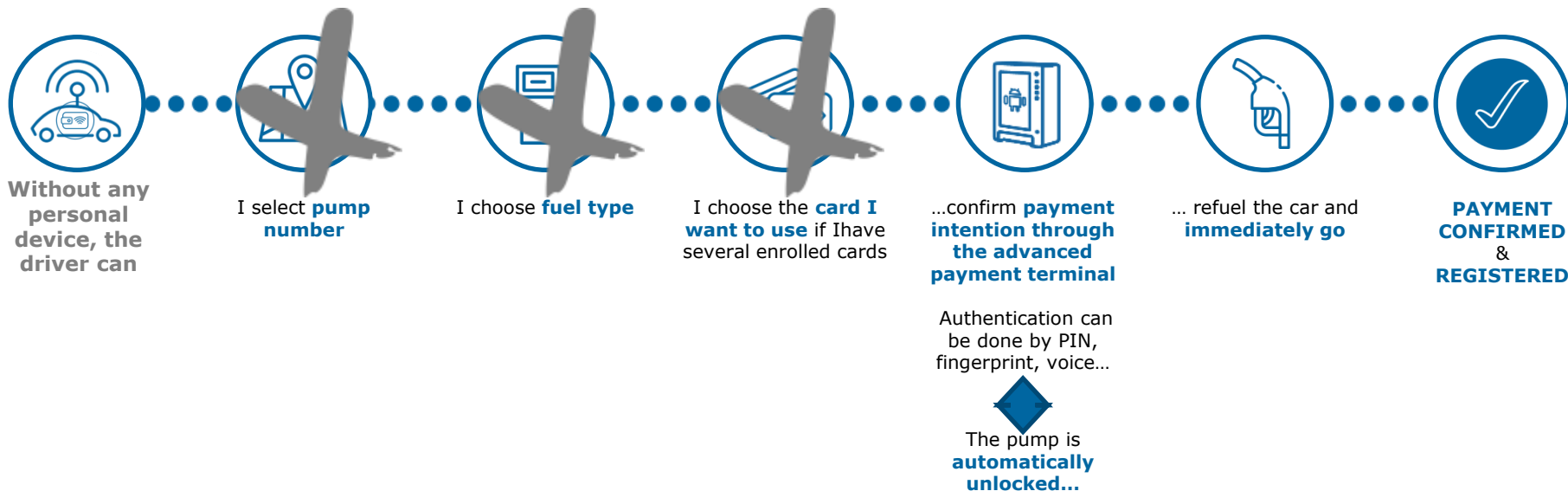
PAYMENT CONFIRMED & REGISTERED



The pump is automatically unlocked...

# Merchant Wallet

... towards invisible payments through advanced payment terminals services

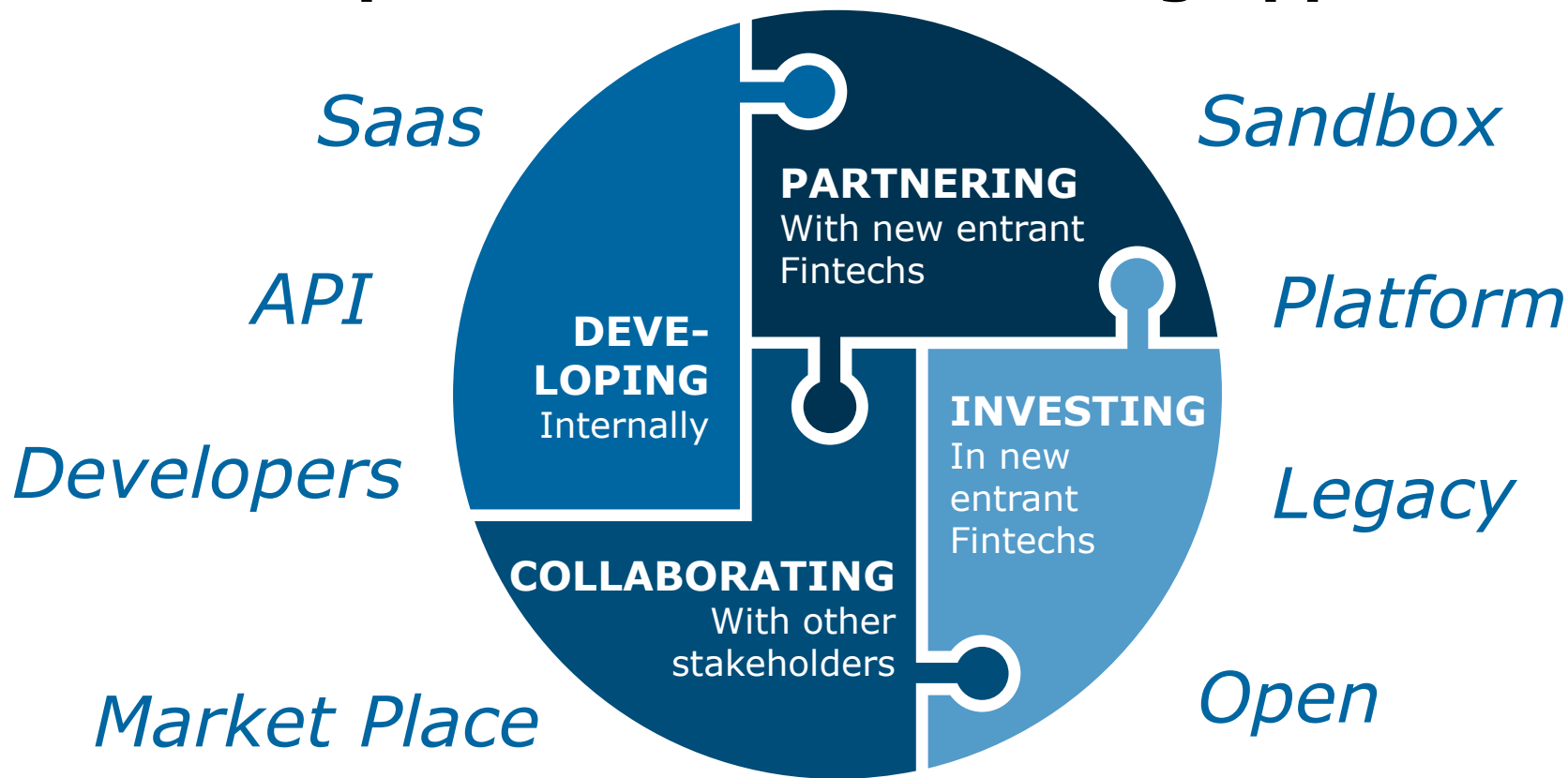


5

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

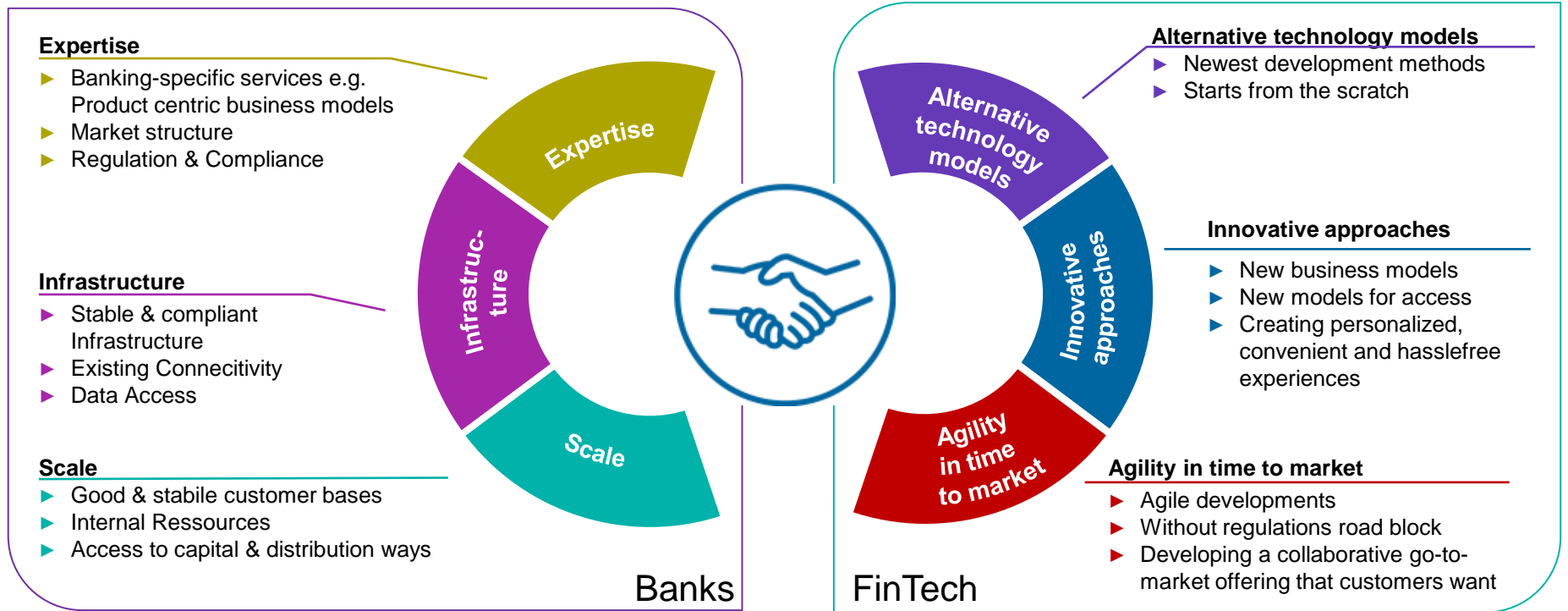
Worldline

# Disruption also in the working approach



# Strengths comparison

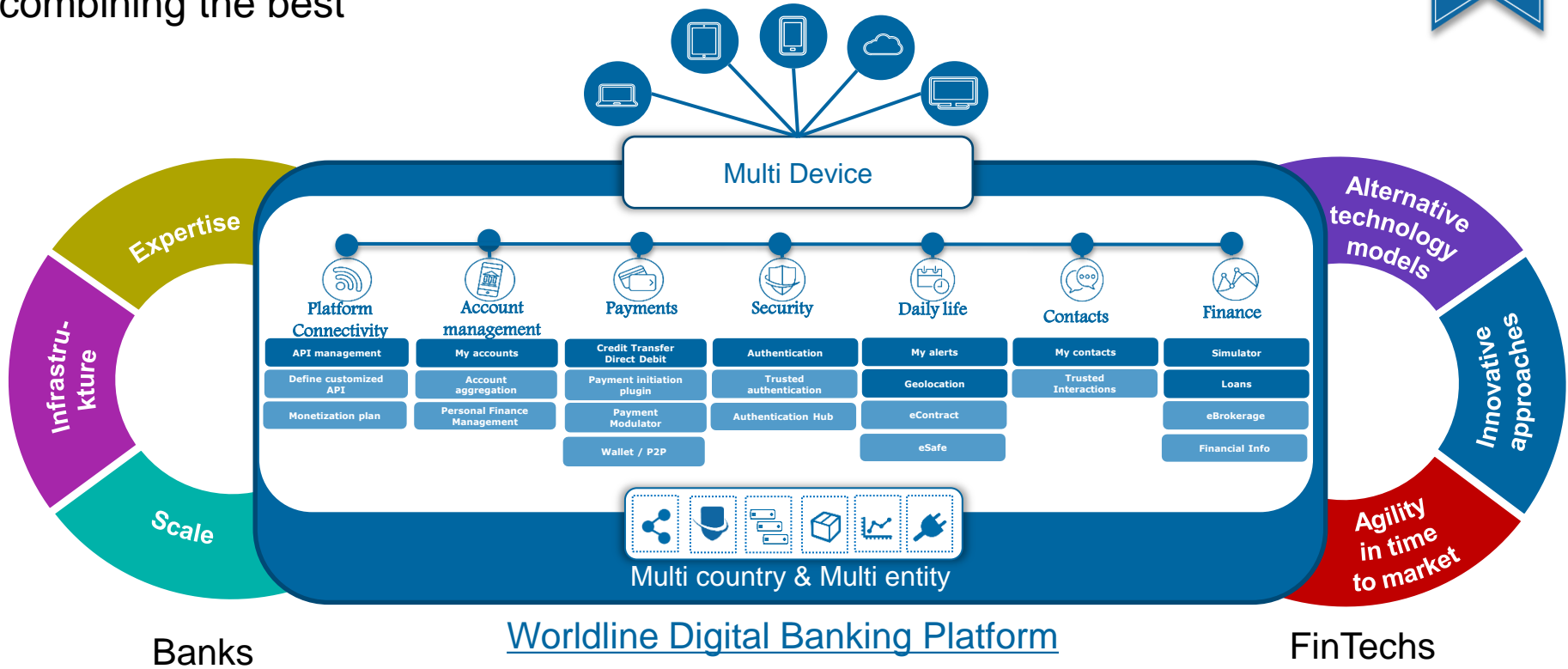
## Banks vs. FinTechs





# We knit it all together

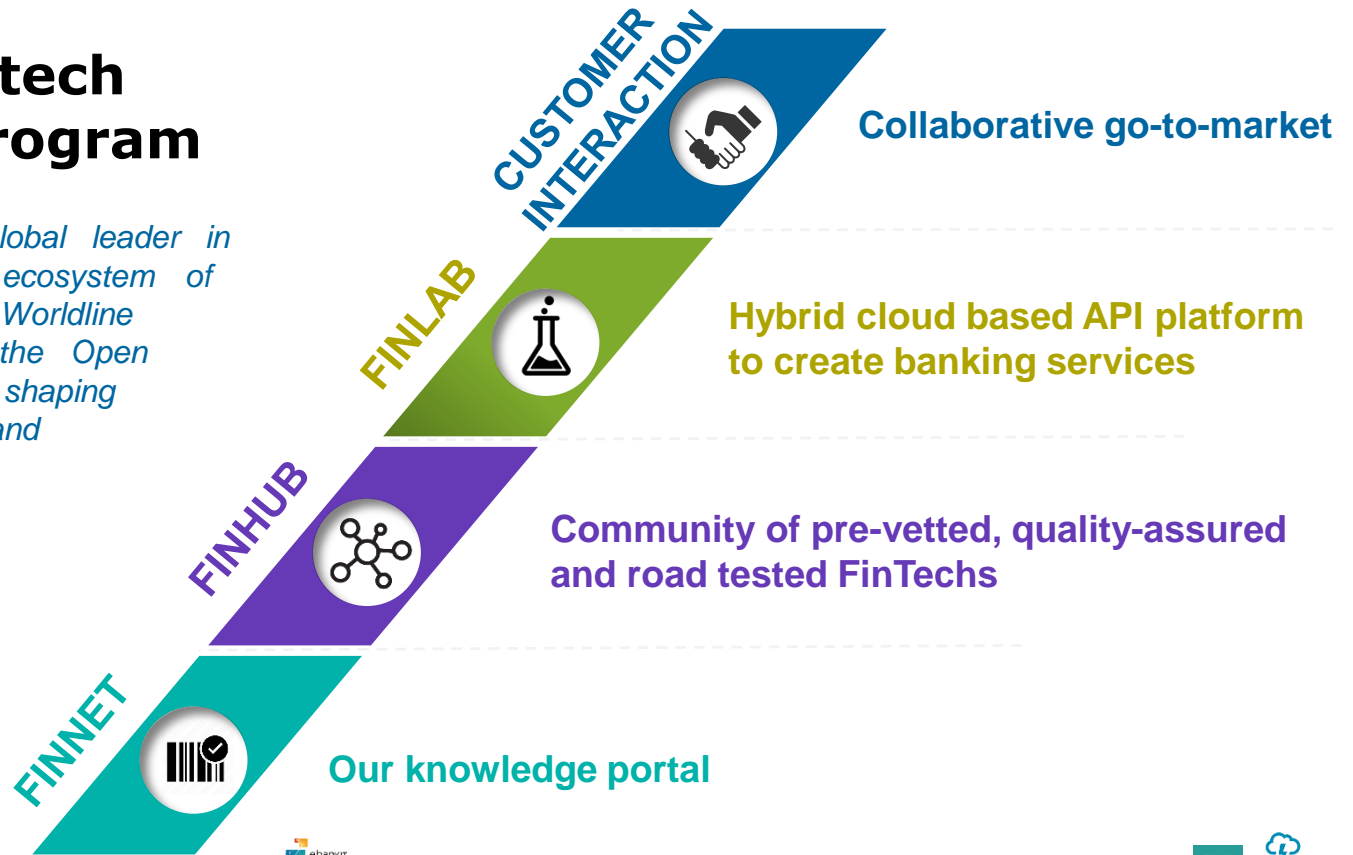
combining the best





# 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

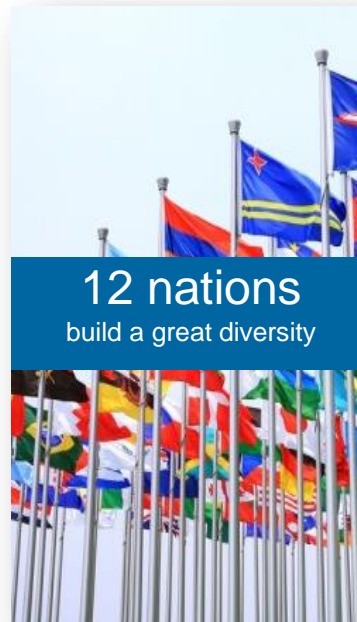
Opening the future by bringing Financial Services business together with FinTechs



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



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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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