



MasterCard

Acceptance Trends

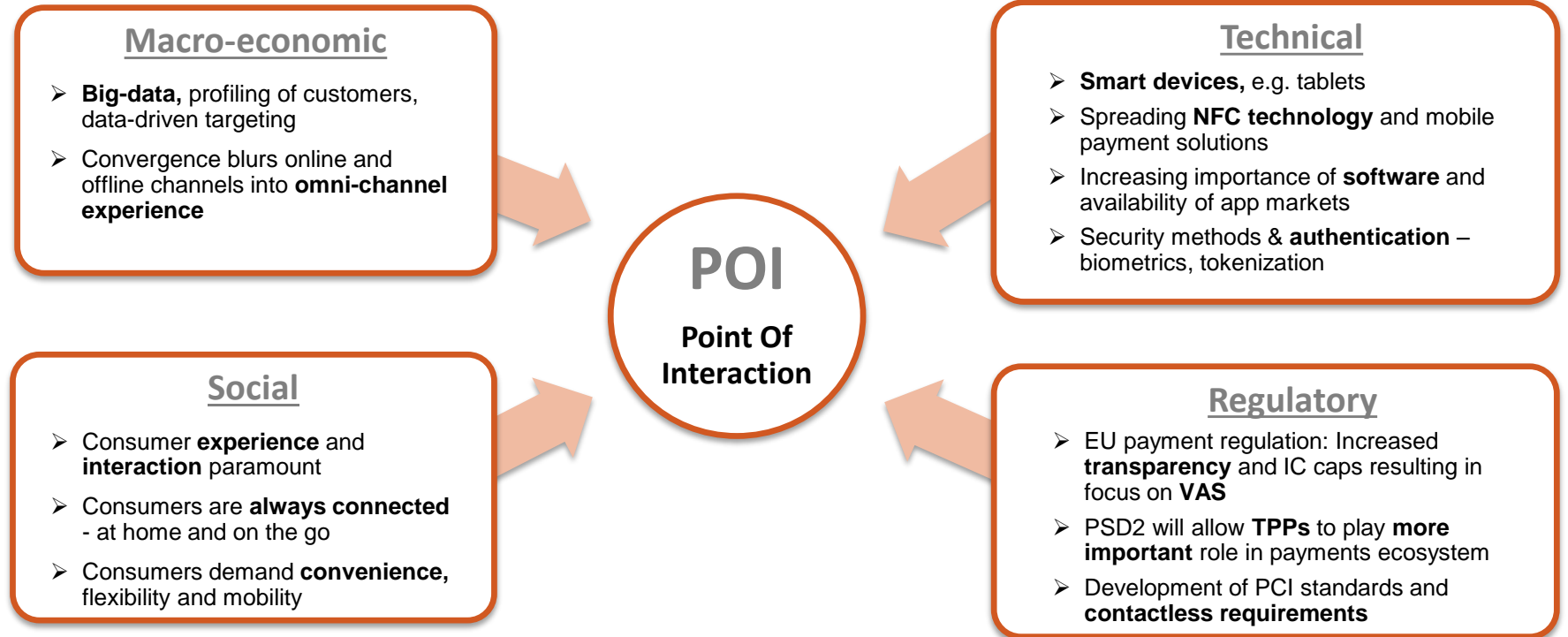
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Acceptance Development, Europe

Berlin, 15th February 2016

Market trends drive innovation at POI

Four categories of trends shape the future of POI



Market trends drive innovation at POI

Macro factors trigger the development

Macro-economic

- **Big-data**, profiling of customers, data-driven targeting
- Convergence blurs online and offline channels into **omni-channel experience**



POI

Point Of
Interaction

- **Different channels** are being used and are overlapping during consumer's journey.
- Increasing penetration of mobile internet allows for instant **two-way communication** between a consumer and a merchant and also provides access to wide range of **cloud-based services**.
- **Profiling of customers, loyalty solutions, and statistics** complemented with cloud-based services become desired features either via supplementing apps or as a vertical-specific solution (i.e. **orderbird** for restaurants).



Market trends drive innovation at POI

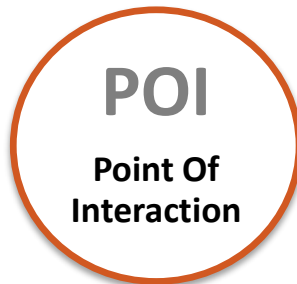
Technology changes are heavily impacting POS landscape

- Availability of tables and mobile phones along with spreading NFC technology and mobile payment solutions such as **Apple Pay** and **Samsung Pay** open new opportunities on both consumer and merchant side.

Consumers are willing use their smart devices for better payment experience.


Merchants need to adapt but can also benefit from new capabilities offered by the use of mobile devices at POS.

- Along with availability of **open API app markets**, software can be developed by anyone providing virtually unlimited range of functionalities. It concerns also purpose-made POS systems.




Technical

- **Smart devices**, e.g. tablets
- Spreading **NFC technology** and mobile payment solutions
- Increasing importance of **software** and availability of app markets
- Security methods & **authentication** – biometrics, tokenization

POS terminals, tills and cash drawers converge to a **single solution** (see **Clover Station**).  **clover**
A First Data Company

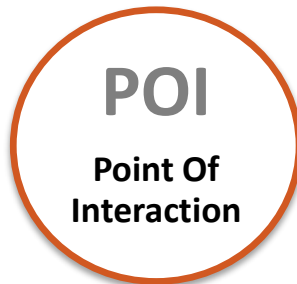
More **commoditized payment hardware** encourages to leverage existing smart devices (iPad, smartphones – see **INVENTORUM**, **mPOS devices**).

POS providers are **expanding beyond just hardware providers** and offer range of applications which can equip a terminal with VAS (i.e. **Ingenico telium TETRA**). 

Market trends drive innovation at POI

Regulation stimulates incumbents and enables new entrants

- EU Payments Regulation increases transparency of fees (through interchange caps) and thus prompts to focus on Value Added Services (VAS).
- PSD2 enables non-traditional companies such as Third Party Providers to play more significant role in payments ecosystem and disrupt the market.
- Evolving standards facilitate proliferation of contactless acceptance which creates mobile payment opportunities.

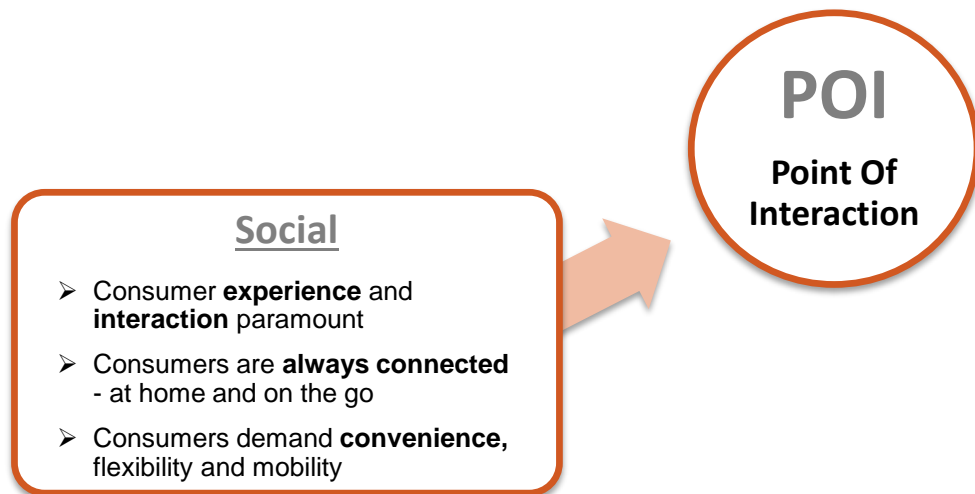


Regulatory

- EU payment regulation: Increased **transparency** and IC caps resulting in focus on **VAS**
- PSD2 will allow **TPPs** to play **more important** role in payments ecosystem
- Development of PCI standards and **contactless requirements**

Market trends drive innovation at POI

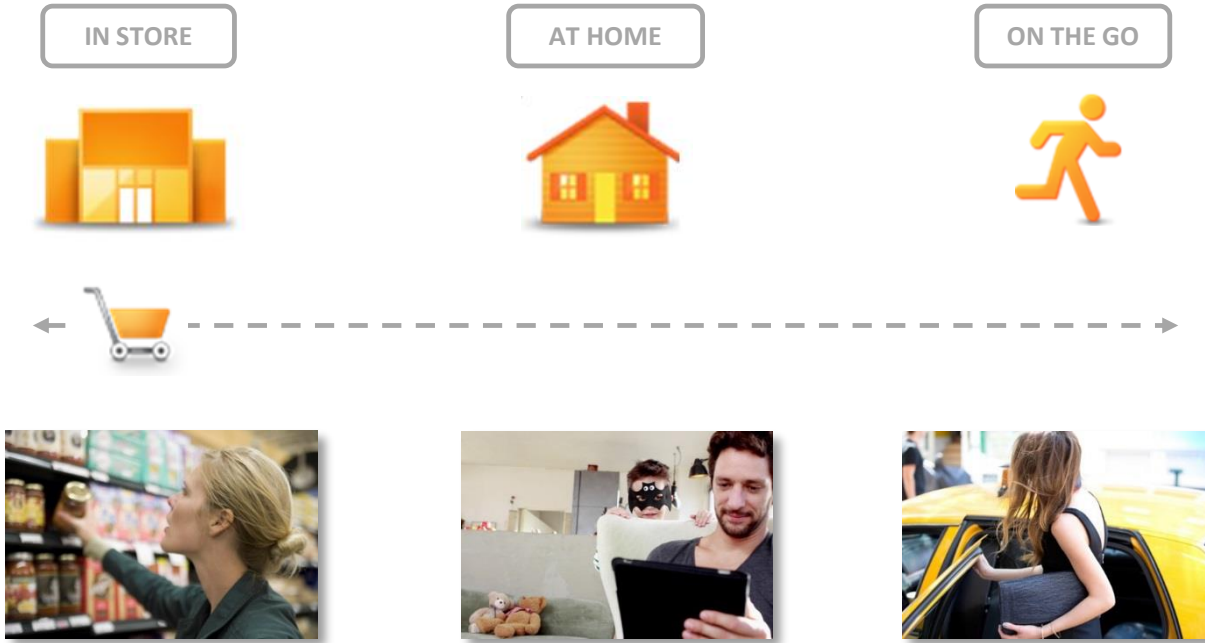
New solutions need to offer more convenience for consumer



- Increasing penetration of mobile internet allows for instant **two-way communication between a consumer and a merchant** and also provides access to wide range of cloud-based services.
- Payment and ordering systems reach closer to the consumer (**POI is on the table, in-aisle or moves around the store**). POS systems need to become mobile (for example **mPOS devices, Clover, Albert / Aevi Pay**).



Consumer journey through different channels



Consumer journey through different channels

IN STORE



Traditionally at checkout



Contactless & chip-based



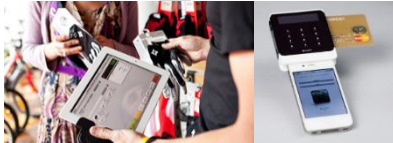
Poynt smart terminal

Via smart terminal with VAS and loyalty solutions

Mobile Self-Scan Shopping



In aisle and via mobile POS



JUSP mPOS solution



With a mobile wallet

Consumer journey through different channels

AT HOME



E-Commerce shopping



With MasterCard or using MasterPass

Mobile commerce



Secured by MasterPass and MDES

In-App purchases




Secured by MasterPass and MDES

Consumer journey through different channels

ON THE GO

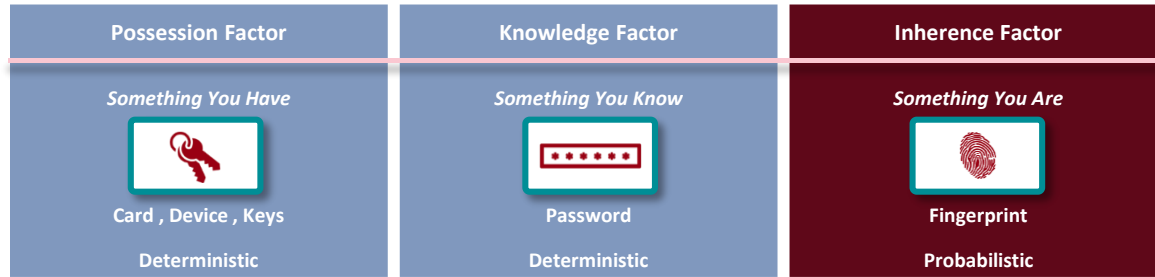




EBA Regulation

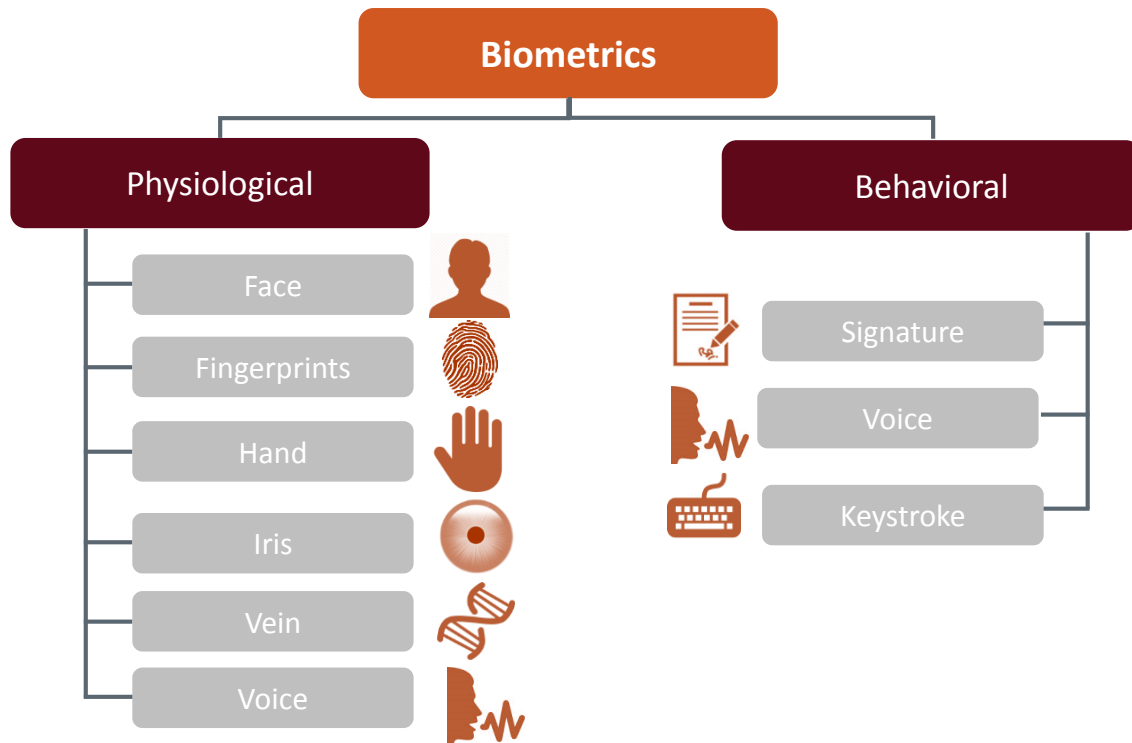
Authentication Update

Intro to Authentication Factors & Biometrics

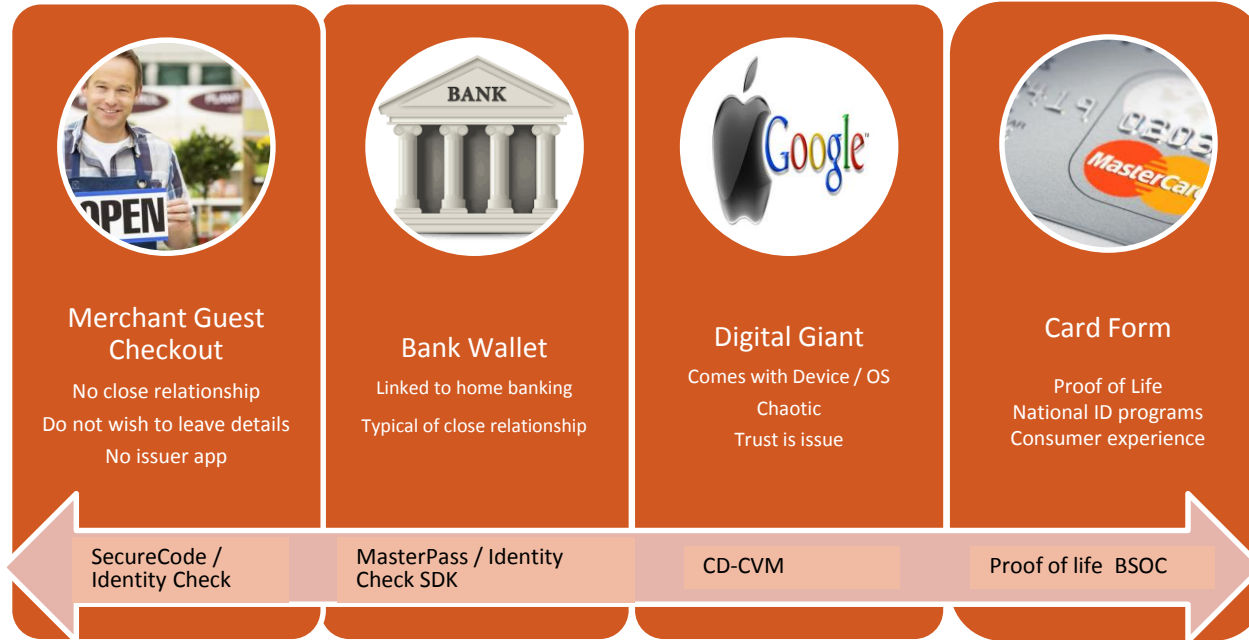


- What is Biometrics**
 - A measurable physiological and/or behavioral characteristics that can be used to verify the identity of an individual (Ex. fingerprint, face, iris, voice)
- Main uses of Biometrics**
 - Identification: Determining who a person is (i.e. trying to find a match for a person's biometric data in a database)
 - Verification: Determining if a person is who they say they are by comparing their biometrics data to previously recorded data
- Benefits of Biometrics**
 - Inclusive and egalitarian
 - Better user experience
 - Able to use single biometric protection for multiple login accesses

Types of biometrics

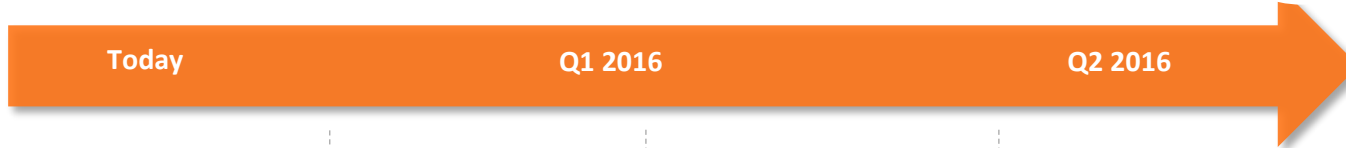


Consumer Choices and Biometrics





Building a Strong Foundation of Issuer Products



MasterCard
SecureCode

MasterCard
SecureCode⁺

- 3B transactions in 2015
- 40% YoY growth
- Delivering 10+% increase in CNP approval rates



Identity Check

- New best-in-class authentication program
- New Protocol
- Branding
- Go to market planning
- Communication



MasterCard Location Alerts

- XB & domestic alerts for issuers
- Enables issuers to seamlessly approve txns when cardholders are away from home



On-Behalf Authentication Services

- Pilots - GREAT results
- Deeper partnerships
- Revenue plan
- Consumer-friendly mobile app-based authentication

What's Coming

- Identity Check product suite – Biometrics first to market
- 3D-Secure version 2.0 – Includes mobile, in app, device data and more
- Better product relationship messaging
- Wearables - persistence
- New browser – 3D facial recognition
- Match on card standardization
- Proof of life commercialization
- Continuing to “own” share of voice for Safety and Security!!! -Video