

weekly news round-up

8 June 2018

SUMMARY OF TOPICS:

- Mobile/Contactless and omni-Commerce
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- Acquiring/Processing
- Instant Payments
- Remittances
- Payment Reports
- Digital/Retail banking
- Fintechs
- Open Banking/PSD2
- UK Payments Infrastructure
- Blockchain/DLT/Cryptocurrencies
- Fraud/Security
- Corporate Activity
- Regulation

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MOBILE/CONTACTLESS and omni-COMMERCE

A new Survey suggests **UK Millennials** still prefer stores to online shopping.

<http://tinyurl.com/y8maqs3>

Apparently 74% still prefer physical stores compared to 26% preferring online shopping, with 36% preferring shopping malls and 80% went shopping as a day trip in the last month.

Deliveroo is offering an API that integrates with restaurant partners' POS obviating need to manually input Deliveroo food orders.

<http://tinyurl.com/ybc62nl8>

Techcrunch <http://tinyurl.com/ycwnhcmt>

By integrating with the API, restaurants can see all of their Deliveroo orders in their POS system in real time. No data entry needed.

The DNB says Dutch consumers increasingly use their smartphones for P2P payments.

<http://tinyurl.com/y94pkqv>

Although cash payments still make up 72% of P2P transactions the number of smartphone payments is steadily increasing and transactions between family members, friends, colleagues and other acquaintances has tripled to 96m, accounting for 21%.

ING's Yolt money management platform is expanding to France and Italy.

<http://tinyurl.com/y8zgr4z8>

ING is claiming it has attracted 300,000 registered users in the UK.

Ingenico and Nexi are testing an innovative PIN-on-Mobile solution in Italy.

<http://tinyurl.com/y9umgyw5>

A 6 month pilot is scheduled to start by September with 1,000 card readers. With PIN-on-Mobile card holders manually enter their PIN on a non PCI-PTS device owned by a merchant via an app with the transactions considered as 'card present'. The solution is VISA and Mastercard compliant.

SIA is now claiming over 5m users for Jiffy.

<http://tinyurl.com/ya4cgmqp>

According to the latest figures, the average value of a Jiffy transaction is around €50.

MasterCard has announced the launch of a new payment app Breasy.

<http://tinyurl.com/y83kxkkg>

The app, which utilises Masterpass technology, allows users to buy coffee with smartphones and is being launched alongside the EVOCA Group, a manufacturer of professional coffee machines.

Alpha Fintech is partnering with Trustly to make it available to banks, MSPs and merchant users on the AlphaHub platform.

<http://tinyurl.com/ya5ynkwo>

The AlphaHub is a fintech vendor management platform that provides access to a library of fintech vendors.

Trustly meanwhile is celebrating its 10th Birthday.

<http://tinyurl.com/y9kmjnd9>

Paysafe has announced the global launch of 'Paysafecash'.

<http://tinyurl.com/yd6co4bd>

The solution can be used to upload funds into digital wallets, including Skrill and NETELLER and supports exact purchase amounts rather than a fixed voucher denomination.

Splitit is integrating with Salesforce Commerce Cloud.

<http://tinyurl.com/yai88hab>

Splitit and Salesforce Commerce Cloud customers can now benefit from offering credit card-based monthly payment solutions to their customers.

CASH

The Swiss National Bank has published the results of a 2017 survey on payment methods.

<http://tinyurl.com/ya4cgmqp>

Report <http://tinyurl.com/ybjj8yg9>

The aim of the survey was to obtain representative information on payment behaviour and the use of cash by households in Switzerland. The results indicate the well-functioning coexistence of cash and cashless payment methods, as well as a high level of satisfaction with existing payment options on the part of households. Cash is the most common method of payment for with 70% using cash.

ACQUIRING/PROCESSING

Adyen has announced its direct API integration with the Mastercard Account Updater service.

<http://tinyurl.com/yb7f9dyr>

The direct API connection helps to prevent card declines due to account changes caused by expiration dates or new replacement card numbers.

Iyzico, the Turkish PSP, is expanding into Eastern Europe. <http://tinyurl.com/y9c8yrce>

The company has added another twelve countries to its footprint: Bulgaria; Czech Republic; Estonia; Croatia; Lithuania; Latvia; Romania; Poland; Slovenia; Slovakia; Greece and Hungary. The company's aim is to become a bridge between Turkey and Eastern Europe, and to encourage more cross-border trade in local currencies.

Wirecard has signed a partnership agreement with Visa to collaborate on new payment solutions.

<http://tinyurl.com/y74fzfcf>

The partnership will help Wirecard to extend card issuance, increase merchant acceptance of innovative digital payment methods, and provide retailers with business analytics as well as provide support for FinTechs and start-ups.

INSTANT PAYMENTS

Mastercard says that it will be launching Mastercard Send in the UK soon.

<http://tinyurl.com/yd9px8o4>

Mastercard Send enables financial institutions, fintechs, digital customers and other businesses to send/receive real-time payments to/from UK bank accounts and is the first fruit of the integration of Vocalink. Mastercard Send will connect to FPS enabling P2P payments and B2C transactions using Starling Bank as the partner for settlement services.

Worldline has launched its Instant Payments licenced software package with BRED, a French based co-operative bank.

<http://tinyurl.com/y94vgwg7>

CRISTAL Instant Payments processes Instant Payments instructions acquired via the bank's digital channels up to the point of exchange for final settlement. The package has been defined by the CRISTAL Users Group through working meetings organised by Worldline and is supported by the CRISTAL Mass Payments Highway, Worldline's retail payment software package.

REMITTANCES

TransferWise, Natixis Payments and Groupe BPCE have announced a partnership for cross-border remittances.

<http://tinyurl.com/ybs8stpz>

The Partnership will enable Banques Populaires' and Caisses d'Epargne's 15.1m customers to send funds to over 60 countries. For transferwise it is the first time a major European bank will integrate TransferWise's API into its mobile banking apps.

PAYMENT REPORTS

New research from **Paysafe** suggests the shift towards 'frictionless' payments is being held back by consumer concerns over security and data privacy.

<http://tinyurl.com/ya67kkso>

The 'Lost in Transaction: Payment Trends 2018' report says 50% of consumers give fear of fraud as the biggest barrier to using them with 48% expressing concerns around the use of their data. 56% see checkout-free stores as sounding too risky.

RS2 has published a Report - Open Retailing and Open Banking: Payments Industry Challenges.

<http://tinyurl.com/y9gpif5q>

'The challenge for the payments industry is to transform existing payment solutions by channel into omni-channel Open Payment service platforms that combine the omni-channel payment acceptance requirements of modern retailers with the card payment ecosystem and the emerging Open Banking payment ecosystem'.

DIGITAL/RETAIL BANKING

Bankable has partnered with Starling Bank and Transact Payments Ltd to provide a white-label real-time full-service payments platform.

<http://tinyurl.com/y6ucndc3>

The partnership will see Starling Bank providing access to FPS, BACS and Settlement services with Transact Payments using its Electronic Money Institution licence to support the regulated aspects of Bankable's services and debit products.

Monzo is partnering with automation platform IFTTT.

<http://tinyurl.com/y9h4vls5>

Backgrounder <http://tinyurl.com/yc54u68z>

The partnership allows customers to connect their Monzo account to over 500 different services including Twitter, Dropbox and Google Drive.

N26 now claims 1m customers having doubled its customer base over the last nine months.

<http://tinyurl.com/ycoyj42l>

Transaction volumes are now exceeding €1bn per month with a typical N26 customer using the app several times per week.

FINTECHS

Mastercard has made **four announcements**:

It has published research into the opportunities and challenges of Conversational Commerce.

<http://tinyurl.com/y8e6z669>

The report – *Is anybody there? Giving Conversational Commerce a voice*, indicates that consumers value convenience above all and meeting their expectations is key to driving mass adoption of Conversational Commerce. In the EU, 1 in 5 consumers have already shopped using voice or text agents (21% have shopped, 16% have made payments and 7% have banked).

It has announced a new service that aims to speed up the adoption of Artificial Intelligence.

<http://tinyurl.com/yb5wcmbm>

The AI Express program is designed to help companies address key business priorities, including Anti-money laundering, Fraud risk management, Cyber security, Credit risk prediction and Operational efficiencies. It is built using the capabilities of subsidiary Brighterion.

In a connected announcement Mastercard is partnering with Stargo, a company leveraging artificial intelligence in the freight industry.

<http://tinyurl.com/y7rhg4a2>

MasterCard has also sponsored a new Report - Fintech Disruptors Nordic 2018.

<http://tinyurl.com/yd892xvk>

Download at <http://tinyurl.com/ycnzz6b>

The report suggests that greater cooperation between regulators, banks and innovators is essential to the region's status as a leading fintech hub. 84% of traditional players are now actively seeking partnerships with fintechs to help them digitise and create digital services for customers. They believe that collaborating with fintechs will help them to achieve their goals faster and more cost effectively.

Visa Inc meanwhile has announced two new programs to support European FinTechs who are developing the next generation of digital payment solutions.

<http://tinyurl.com/yc73jx6k>

The new initiative, which involves partnerships with Contis, EVRY, Jaja, Revolut and Wirecard, enables start-up to onboard to Visa's global network in as little as four weeks. Visa has also launched a \$100m European investment program to support the FinTech ecosystem in Europe and investment in start-ups. The program will roll-out in July starting with the UK.

Along with everybody else the **Spanish Competition Regulator** is having a look at Fintech.

<http://tinyurl.com/y9djs2q2>

Orange has partnered with Google through Orange Digital Ventures (ODV) to provide financial support for fintech start-ups.

<http://tinyurl.com/yd9scnnn>

The partnership will enable Orange Digital Ventures to explore potential co-investment opportunities with Google.

Saxo Payments Banking Circle has announced the launch of Banking Circle Lending.

<http://tinyurl.com/y7yragtq>

Associated white paper

<http://tinyurl.com/ybbar2wm>

Banking Circle Lending enables FinTechs and banks to offer merchants faster access to funds, with flexible repayment options and personalised online account management. Using a Saxo API, Fintechs/Banks can integrate the solution into their own website, creating a own-branded credit assessment process. Saxo says the application process is completed within 72 hours and it looks as if they are taking the risk not the fintech.

OPEN BANKING/PSD2

Citi has announced that it has successfully enrolled as a Payment Initiation Service Provider on the UK Open Banking Directory.

<http://tinyurl.com/y7jzqxnmm>

Citi says it is the first corporate bank to make the move.

Token says it has completed the first PISP Open Banking transaction.

<http://tinyurl.com/ya46wry3>

The payment was executed via the Token network using Santander's API payment initiation endpoints.

Mastercard has announced it is developing a new suite of services to support and leverage PSD2.

<http://tinyurl.com/yaq8gqops>

Services include: A pan-European directory of TPPs; A fraud monitoring service; A dedicated dispute resolution mechanism and A connectivity hub for TPP communication with banks. The new services will be launched first during a pilot phase in early 2019 in UK and Poland.

UK PAYMENTS INFRASTRUCTURE

The Bank of England, along with the NPSO and the PSR, has launched a 6-week consultation on the adoption ISO 20022 for payments in the UK.

<http://tinyurl.com/y8wagqcy>

Consultation paper <http://tinyurl.com/ydzawbxv>

NPSO statement <http://tinyurl.com/ycyu43e3>

The standard will be adopted across CHAPS, Faster Payments and Bacs via a 'Common UK Credit Message (CCM)' that has been designed to be compatible with other overseas payment systems adopting the ISO 20022 global standard.

Implementation will require material changes, for both payment providers and users of the system.

The go-live date is planned for 2021 (See Page 11 for High level migration plan)

BLOCKCHAIN/DLT/ CRYPTOCURRENCIES

Bank of Italy: 21st century cash: Central banking, technological innovation and digital currencies.

<http://tinyurl.com/ydemqh2l>

The speech focuses on some general issues related to the digital transformation of society, the pros and cons of digital cash (as a means of payment and store of value) and some of the open issues regarding CBDCs.

American Banker Article: Has **Amex** found a data gold mine with its rewards blockchain?

<http://tinyurl.com/ycg2dk6u>

The DNB has posted a DNBulletin item on its experiments with blockchain technology.

<http://tinyurl.com/ycbt4xvs>

The Central Bank has reached the conclusion that Blockchain technology as yet fails to meet the very high demands of a financial market infrastructure. However, it also concedes that the blockchain technology underlying bitcoin is interesting and promising, and future algorithms may well offer improved compliance with FMI requirements.

FRAUD/SECURITY

EMVCo and the FIDO Alliance have expanded their collaboration to define in detail how 3DS messages may be used to pass FIDO authenticator attestation data and signatures.

<http://tinyurl.com/yaw34e5v>

EMVCo says that incorporating support for the FIDO Authentication protocol will provide stronger authentication, enhance transaction security and provide a more convenient and simpler authentication experience for cardholders.

CORPORATE ACTIVITY

Nets and Concardis Payment Group have announced that they are to merge.

<http://tinyurl.com/yax35gyg>

The transaction is structured as a share exchange, which will see Concardis shareholders contribute their shares in return for Nets shares and the two companies retaining their own brands. The merger creates a business with approximately €500m of EBITDA and €1.3bn of net revenue. The deal has the support of PE owners Hellman & Friedman, Advent International, and Bain Capital.

Ant Financial has raised cUS\$14bn in a Series C Equity Financing round valuing the company at >\$100bn.

<http://tinyurl.com/y9flzpwv>

Funds raised will be used to accelerate Alipay's globalization plans and invest in developing technology to further enhance the Company's ability to deliver inclusive financial services to unbanked and underbanked consumers and small enterprises globally. The Company will continue to invest in developing its blockchain, AI, security, IoT and computing capabilities to upgrade its global technology platform for the next generation.

Reuters has reported that Adyen's IPO has been oversubscribed prior to its listing on 13 June.

<http://tinyurl.com/y9vdj6kh>

BBVA has completed its £85.4m investment into Atom after regulatory approval.

<http://tinyurl.com/y8uuoslm>

The transaction increases BBVA's stake in digital bank to 39%.

Paysafe Group has completed the acquisition of iPayment Holdings in the US.

<http://tinyurl.com/ya67kkso>

UniCredit has signed a strategic partnership with Meniga taking a €3.1m minority stake through UniCredit EVO (Equity Venture Opportunities).

<http://tinyurl.com/yd658k7o>

Unicredit will integrate Meniga's digital banking software, starting with Italy and Serbia, to enhance its customers' digital banking experience.

The partnership enables UniCredit to offer customers a consolidated view of all their cards and account transactions, including search functions, budgeting and financial planning functionalities, alerts as well as targeted advice according to spending history.

REGULATION

Nicky Morgan, Chair of the Treasury Committee, has written to Charlotte Hogg, Visa CEO, asking what went wrong after the Visa outage across Europe.

<http://tinyurl.com/y7dyggn>

[Letter to Charlotte Hogg, CEO Visa Europe, 4 June 2018 \(PDF 614 KB\)](#)

The DNB has published its Payments Strategy for 2018 – 2021.

<http://tinyurl.com/ydep6ewb>

Report <http://tinyurl.com/ybqb85d9>

The Strategy has three priorities: Simulating innovation, Promoting a robust electronic payment infrastructure, and Working on a well-functioning cash payment chain. A key statement is that the Central Bank is not seeking to achieve a cashless society as such a move could lead to vulnerable groups having limited access to goods and services.