



Multi-Channel Payments & Aggregation Strategies

Friday 23rd November 2012

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Channel Trends

- Broadest ever number of commerce channels
 - “Electronic” Commerce was a placeholder!
 - Desktop audience is diminishing/fragmenting
 - New embedded channels, i.e. F-Commerce
- Channels are more than a payment interface
 - How consumers and brands communicate



- Channel is not singular – connected pathway
 - Web > POS: Click & Collect, Amazon Locker
 - POS > Web: Ebay London Popup, Tesco Gatwick
 - PayPoint PayCash – cross-channel transaction
- Attempts to blur current channel specialisation
 - Mobile Research vs In Store Kiosk, iPad POS
 - Try In Store vs Online Sizing/Visualisation tech

Types of Commerce Channel

In Store (POS / F2F)

Phone (Call Centre / IVR)

Web

Merchant Website

Product Aggregators

Other Devices (i.e. iTV)

Mobile

Mobile Web

Mobile Apps

SMS

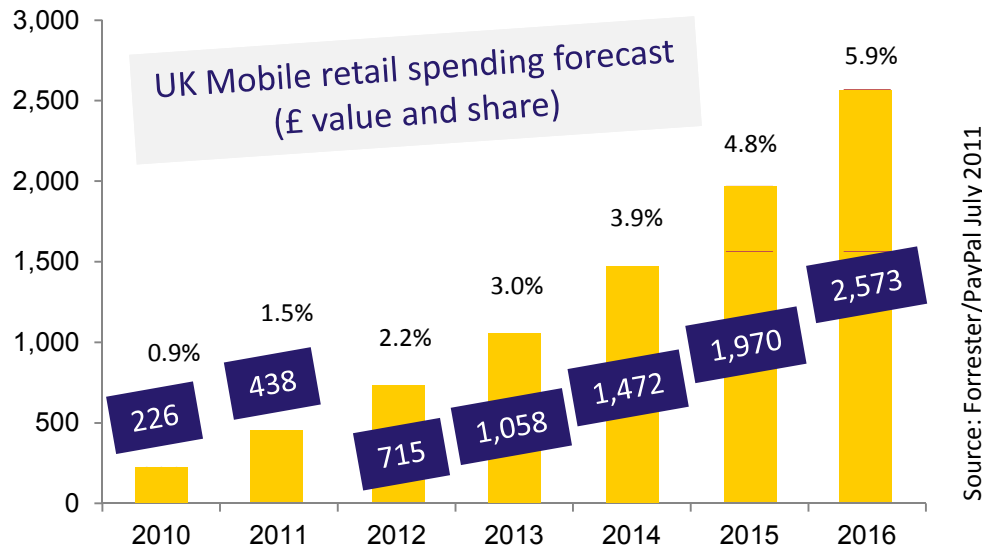
Kiosk (UMT / UAT)

Social Networks

Printed Media

Payments Trends

- Rise of mobile transaction volumes dominates
 - Mobile spending to exceed £2.5bn by 2016



- New & established gateways invest in mobile
 - Acquire: Braintree & Venmo, PayPoint & Verrus
 - Partner: SagePay & CreditCall (mPOS), Secure Trading/Realex & MoBank (m. websites)
- POS & Ecom payments firm cross acquisitions
 - Verifone & Point/Commidea, SagePay & Integral

Types of Transaction Channel

POS (Swipe/EMV/NFC)

Phone (Call Centre / IVR)

Web

Hosted

API

Mobile

Mobile Web

Mobile App SDK

US New Wave in Payments

From a fragmented US payments market well funded startups use aggregation to simplify individual channel propositions.

Stripe – Ecom

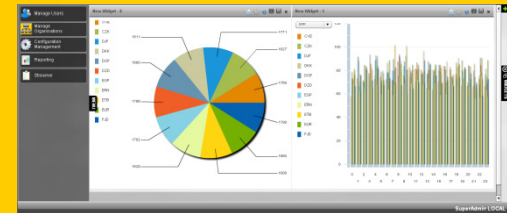
Square – mPOS

Multi-Channel Gateways: *What Does The Market Want?*

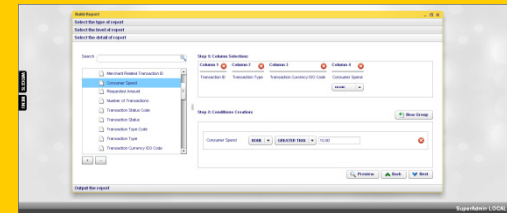
- Sensible consolidation of costs and functions
 - Supplier with capacity in all required channels
 - Simplified gateway/acquirer contract/rate card
 - One back-office, single reporting with drill down
- Master merchant aggregation grows channels
 - Accelerate new channel entry for existing clients
 - Simplify proposition to channel-specific startups
- Evolution towards “Omni Channel” support
 - Joined up solution – not channel by channel
 - Customer account portable across all channels
- New generation of PSP value-add innovation
 - Analytics for channel optimisation strategies
 - Card-On-File wallet use cross-channel & POS
 - Mobile SDK for app dev; Social Network support
 - Location tools for coherent mobile & POS flow

The Project Blue Approach

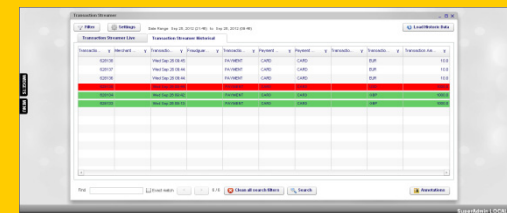
PayPoint investment in a single platform that is channel agnostic & PSP agnostic.



Manages customer and payment activity in any channel, to ensure single dataset and single fraud and routing controls.



Single real-time view; single dashboard; single administration & reporting tool.



Transaction ID	Date	Amount	Status
12345	2023-10-27	100.00	Success
67890	2023-10-27	50.00	Failed
11111	2023-10-27	200.00	Success

Card Present & Ecommerce: *Can They Really Integrate?*

Issues

- Availability of different payment methods
- Inconsistency of Fraud & Authentication
 - Chip & PIN vs 3D Secure experience
 - Metrics (IP vs Mobile Device ID)
 - mPOS channel emergence
- Uniquely identify customers in reporting
- Acquirer contract, rate-card & settlement
 - Separate Merchant & IMA facilities
- Card-on-file not typically portable to POS

Opportunities

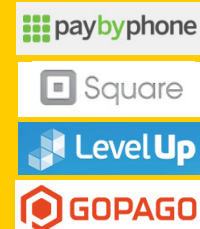
- Aggregation to simplify channel adoption
- POS over IP – consolidate channel IT uses
- Big Data – channel profiling/optimisation
- Advantage Ecom: Online Checkout at POS
 - Aisle Buyer (Intuit), GoPago (Chase)
- Deploy contactless POS without hardware
 - PayWithSquare/Secure Payment Zones
 - LevelUp/QR Codes
- Integrated localised loyalty & promotions

SME PSP Product

- Aggregated low-cost channel entry
- Easy to deploy web/mobile/mPOS
- Acquirer contracts only with scale

Multi-Channel Target

E/M-Wallets



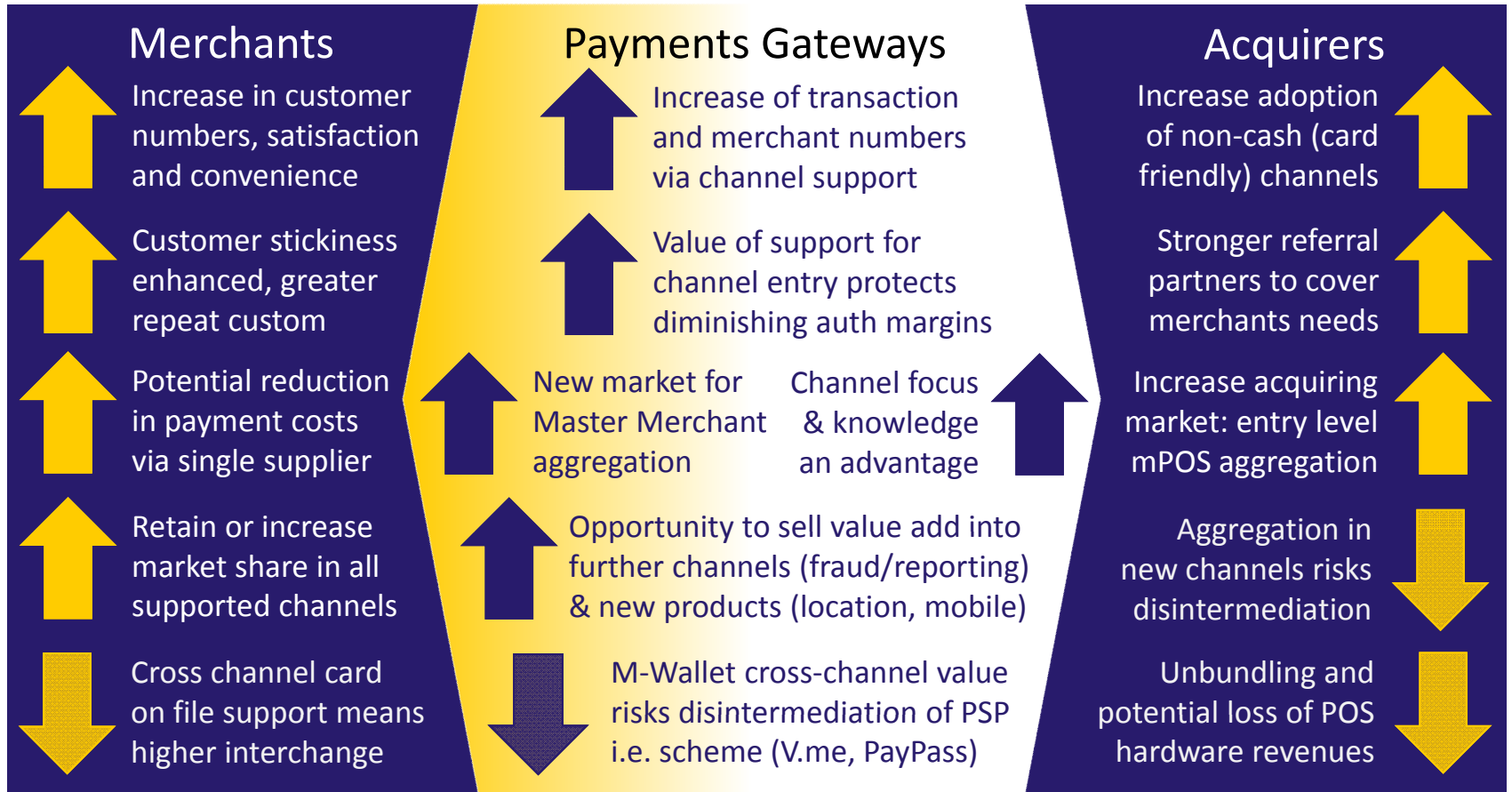
Evidence of wallets as 'opportunities' hints at role as catalyst to multi-channel

LM PSP Product

- Customer portability cross-channel
- Single reporting, channel analytics
- In-channel value add i.e. risk tools



Acquiring Impact: *Will Multi-Channel Affect The Model?*



Multi Channel for Merchants
 Vital for customer retention; increased transaction scope; some interchange cost risks due to 'portability' of card

Multi Channel for Gateways
 Grows transaction/merchant numbers; increases value add opportunity; more hooks than acquirer; risk from M-wallets

Multi Channel for Acquirers
 Drives card dominance in all channels; aggregation is help and hindrance; potential loss of historic revenues to PSPs



Summary

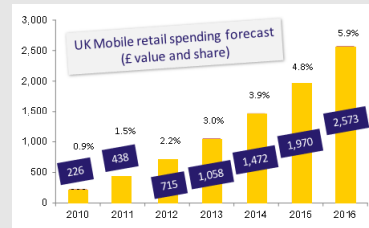
Thinking.. Channel Trends

More channels than ever, not just a payments interface but a **connected set of channels** to Research, Buy and Receive.



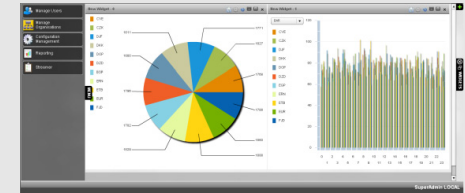
About.. Payments Trends

Mobile is the fastest growing channel & **PSP M&A/partner** reflect this & POS/Ecom blur.



Thinking.. Gateway Product

Adding **aggregated channels** for SMEs and single reporting and **analytics** for LMs, as with PayPoint.net **Project Blue**.



On.. F2F/Ecom Integration

Product inconsistencies cross channels; customer reporting also difficult. But **aggregation** and **consolidation** key benefit of integration, as is 'big data'. Growing **wallet opportunity**.



About.. Acquiring Impact

Grows transaction/merchant numbers and increases PSP's **value add opportunity**. Using aggregation is acquirer risk.





Q&A





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