



# 6<sup>th</sup> Merchant Acquiring Conference

## Acquiring Scene Setting

17<sup>th</sup> November 2016



# Key Acquiring Questions

- 1 M&A and Carve Outs  
What is the medium term impact of the sale of acquiring assets (interbank particularly) and the increased investor, rather than strategic ownership of the EU payments business?
- 2 Brexit  
What will be the impact of the removal of passporting and the need for new EU based acquiring entities?
- 3 Interchange Windfall  
For how long will the interchange windfall last and when will competition normalise MSCs?
- 4 Interchange Workarounds  
Will interchange workarounds undermine the intent of the MIF Regulations and how might regulators react?
- 5 Merchant Domicile  
New merchant definitions and rules have the potential to limit the acquiring of non-EU merchants with off-shore head offices. How should acquirers react?
- 6 Scheme Fees  
How can higher card scheme fees be optimised and externalised to merchants?
- 7 Scheme and Processing Separation  
How will Article 7 of the Cards Regulations impact processing and the development of new network propositions?
- 8 Scheme Branch Selection  
How will Article 8 of the Cards Regulations be implemented and merchant and cardholder preferences enabled?
- 9 PSD2 Impacts  
What might be the impact of a longer term decline in cards usage from PSD2 account access mandates – new payment methods/structures?
- 10 Omni-channel Challenge  
Are acquirers ready to deliver the omnichannel solution, and integrated F2F and eCommerce gateways?



# 6<sup>th</sup> Merchant Acquiring Conference

## Account Access: A Waste of Time?

17<sup>th</sup> November 2016



# Consumer Payments Innovation Tests



1

**Better than what I have**

1. Faster and easier to use for consumers or merchants vs. current (either in payment itself or adjacent services e.g. loyalty)
2. Delivers the same, or better levels of security

2

**Minimal contracts**

1. Minimal consumer contracts, KYC etc.
2. Minimal merchant contracts, KYC etc.

3

**Financially attractive**

1. Delivers comparable revenue to card products to issuers
2. Is cheaper to accept than current (card) payment types for merchants

4

**Rapid implementation**

1. Can be enabled by a simple download to a consumer device
2. Does not require merchant/acquirer PED/ePOS re-certification or new interfaces/integration (scheme/national/acquirer)
3. Minimises back office reconciliation and settlement process changes

5

**Trusted service**

1. Existing consumer and merchant relationship/brand awareness
2. Is supported (explicitly/tacitly) by major high street banks
3. Licensed, regulated, and certified
4. Clear consumer redress/refund processes

# Mass consumer adoption timing



	Paper Cheques	Debit Card	Online APM	Mobile Wallet	Online PIPSP vs Cards*	Online PIPSP vs Generic CT
1 Better than what I have	✓	✓	✓	✗	✗	✓
2 Minimal contracts	✓	1/2	✗	✓	1/2	1/2
3 Financially attractive	-	✓	-	-	✗	-
4 Rapid implementation	1/2	✗	✗	✓	1/2	1/2
5 Trusted service	✓	✓	1/2	✓	1/2	1/2
	<b>11</b>	<b>11</b>	<b>6</b>	<b>9</b>	<b>6</b>	<b>10</b>

\*Assumes a frictionless services is possible in some scenarios ie risk based authentication is allowed