



6th Merchant Acquiring Conference

Marketplaces – A Lot of Hot Air?

17th November 2016



Marketplace models



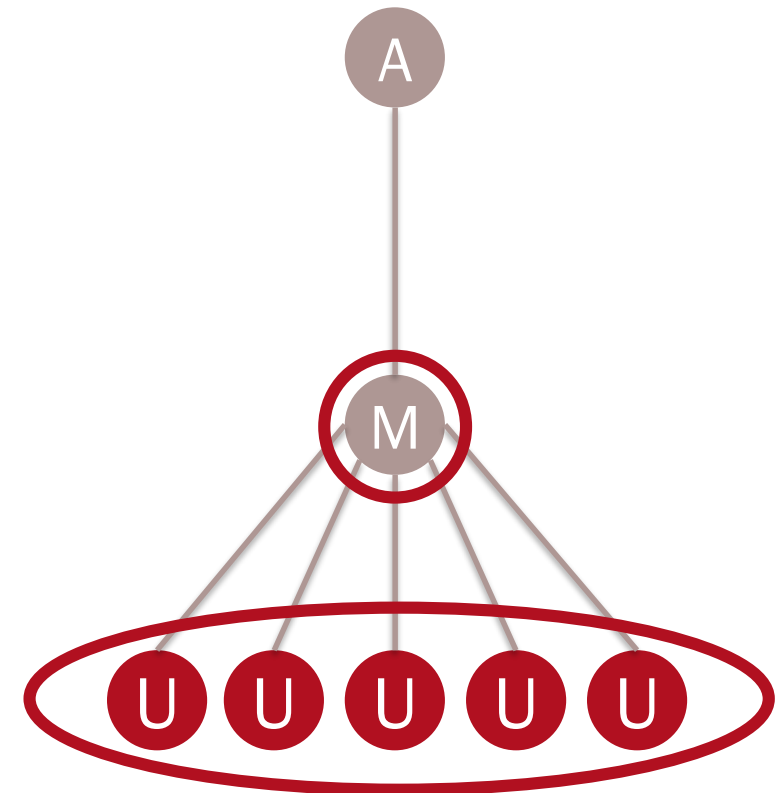
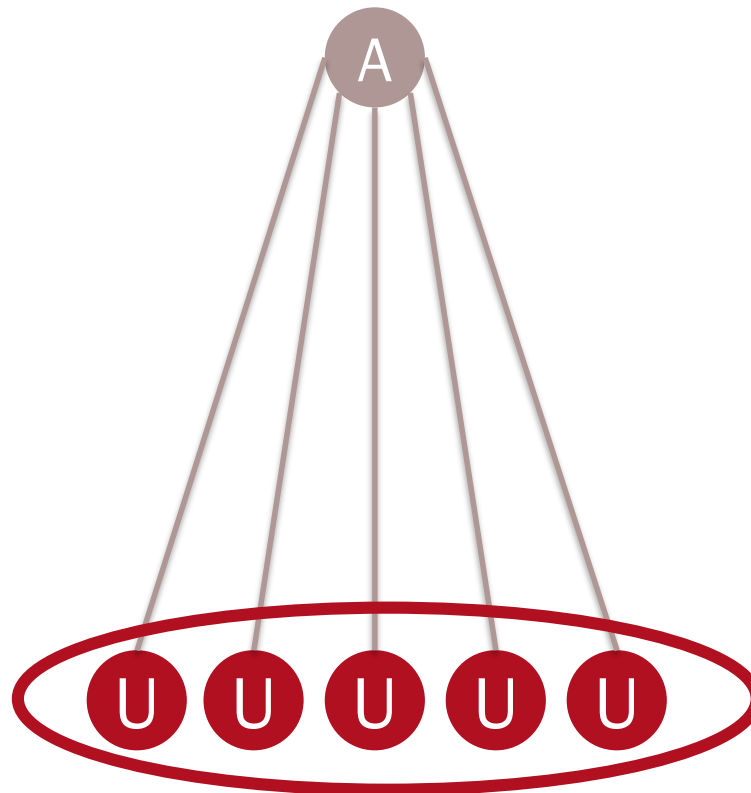
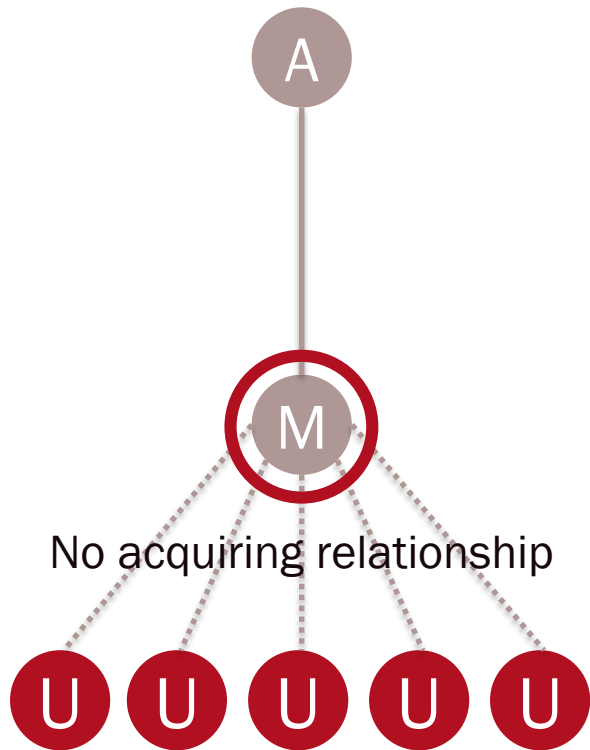
Acquiring Relationships – Who is my customer?



Retail

Aggregator

Payment Facilitator



— Settlement and contract relationship



○ Scheme exception risk responsibility

Model Review – For Merchants and Users



Retail

Aggregator

Payment Facilitator



- Full customer ownership
- Full control over customer lifecycle and greater value add (fees)
- Opportunity to optimise/control consumer interactions
- Clear customer contact point

- No involvement in product, delivery or payment
- No need to sign up users to payment contracts
- Easy to scale internationally (do not have to worry about local payment schemes or disbursement)

- Ability to net off fees
- Ability for the PF to avoid some aspects of dispatch and chargeback risk
- Improved commercial terms for users (sub-merchants)
- ?Clearer consumer statementing?



- Product quality risk
- Local disbursement
- Delivery risk and stock management
- Consumer payment risk
- Often high cost to user of payments and meeting SLAs

- Invoicing and collection of fees – typically monthly (no net settlement)
- Requires each user to have an existing payment service relationship - higher costs (often limits acceptance to PayPal)
- Limited control over quality of service

- Two regulated payment contracts required –with the PF and user
- PF likely to need a PI license
- Need to KYC each user
- User settlement accounts are regulated
- Need to disburse

Thank You

Chris Jones

Chris.Jones@pseconsulting.com

4th Floor,
93 Great Suffolk Street,
London, SE1 0BX, UK

t: +44 (0) 20 3771 8520

