

The road to Payments digitization

*Costis Paikos
Digital Channels, Eurobank
BoD, IAB Hellas*

Mobile Payments market evolution

The European Mobile Payments market will almost triple by 2021. P2P and proximity payments will show the greatest growth

Value of mobile payments in the EU-7
(€ billions)

- Mobile P2P (domestic and cross-border)
- Mobile in-person
- Mobile remote

CAGR from 2016 to 2021: 23%



F = forecast

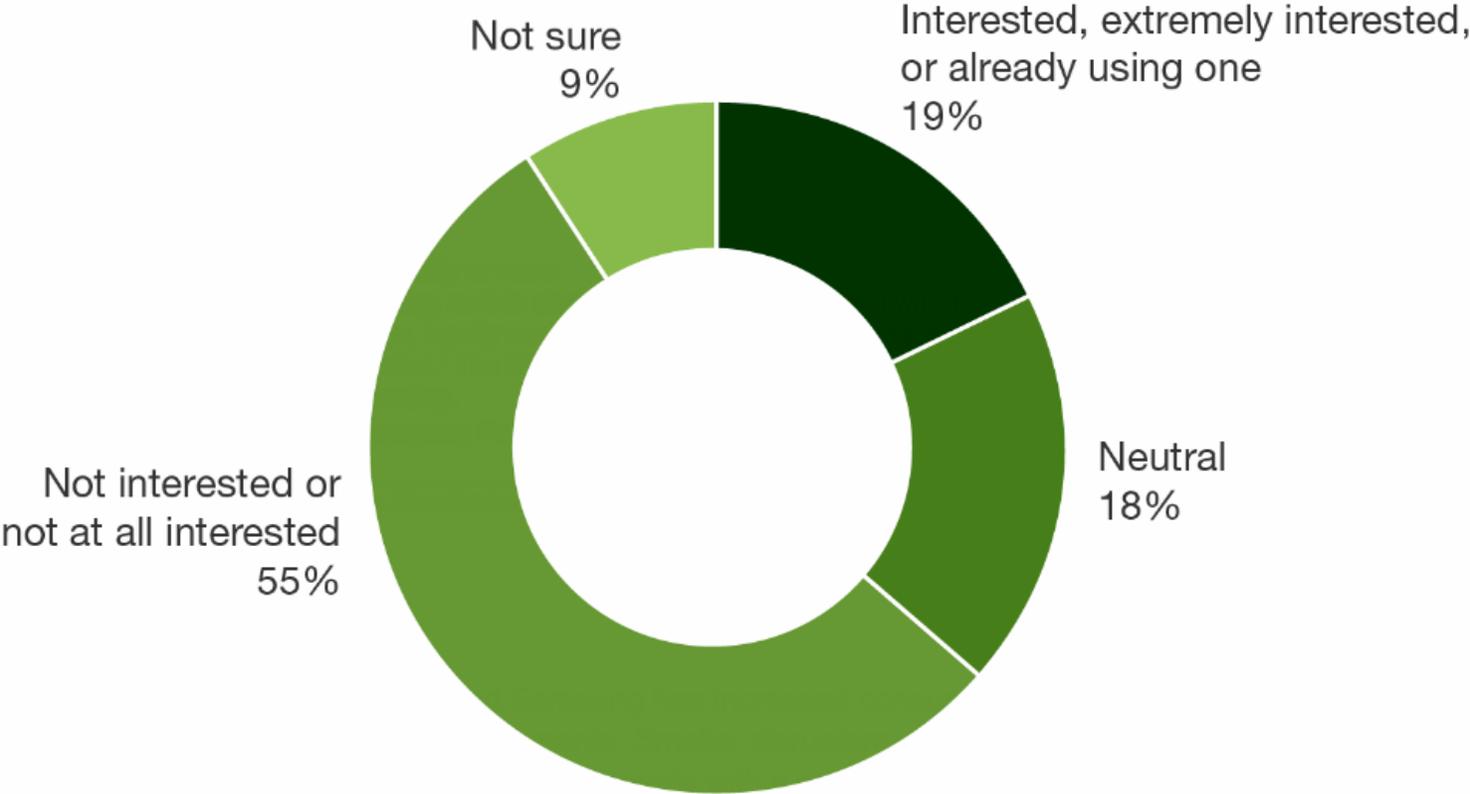
Source: Forrester Data: Mobile Payments Forecast, 2016 To 2021 (EU-7)

European Online Consumers Show Interest In Digital Wallets

1/5 European online adults is interested in or currently using a digital wallet. Digital wallets and mobile in-person payments support larger transaction values, as device-based authorization is possible.

“How interested are you in using a digital wallet?”

(Responses on a scale of 1 [not at all interested] to 5 [extremely interested])



Greek Digital Payments Market



Although the Greek payments market is still dominated by Cash, a swift towards digital gradually becomes evident

Digital dominates certain payment categories (e.g. bank transfers, bill payments)

Relevant legislation drives digital payments adoption

Smartphones cover more than 70% of the mobile market. Most new released devices are also NFC-enabled



Mobile Banking users are doubling Year-on-Year

Transaction volume increased by 120% YTD

1/3 eBanking users, also uses the mobile app



Contactless payments are growing on a rapid pace

1/5 of card payments in Europe, 1/3 in Greece are contactless

Hot use cases (e.g transportation, ticketing) will make contactless and mobile payments familiar



eCommerce purchases are growing 5x physical ones on a global basis

Mobile internet is the main driver pushing ecommerce growth

In Greece, ½ online purchases are paid through debit card

Cross-industry players compete in order to get a piece of the pie

Banks / FI

Fintechs



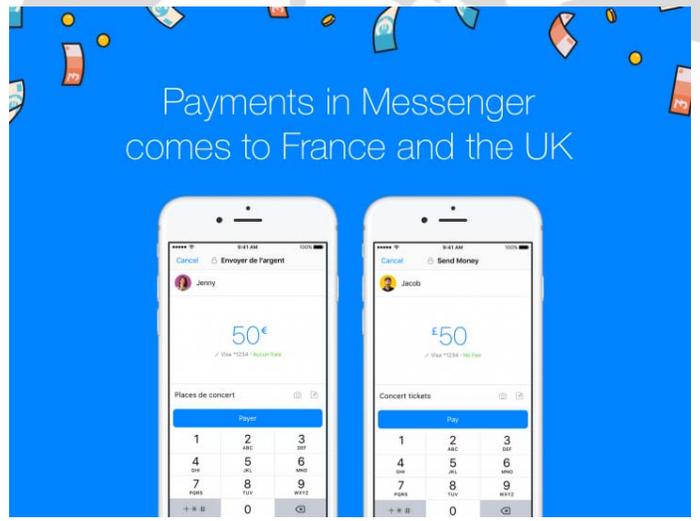
Tech Giants

Schemes/PSPs

Challengers are expanding on a rapid pace

Android Pay, Apple Pay, And Samsung Pay Are Steadily Rolling Out Across Europe

European Mobile Payments Will Almost Triple By 2021



In arrivo quest'anno

N26 | Apple Pay



TechCrunch

The de-regulation of the payments market is just around the corner

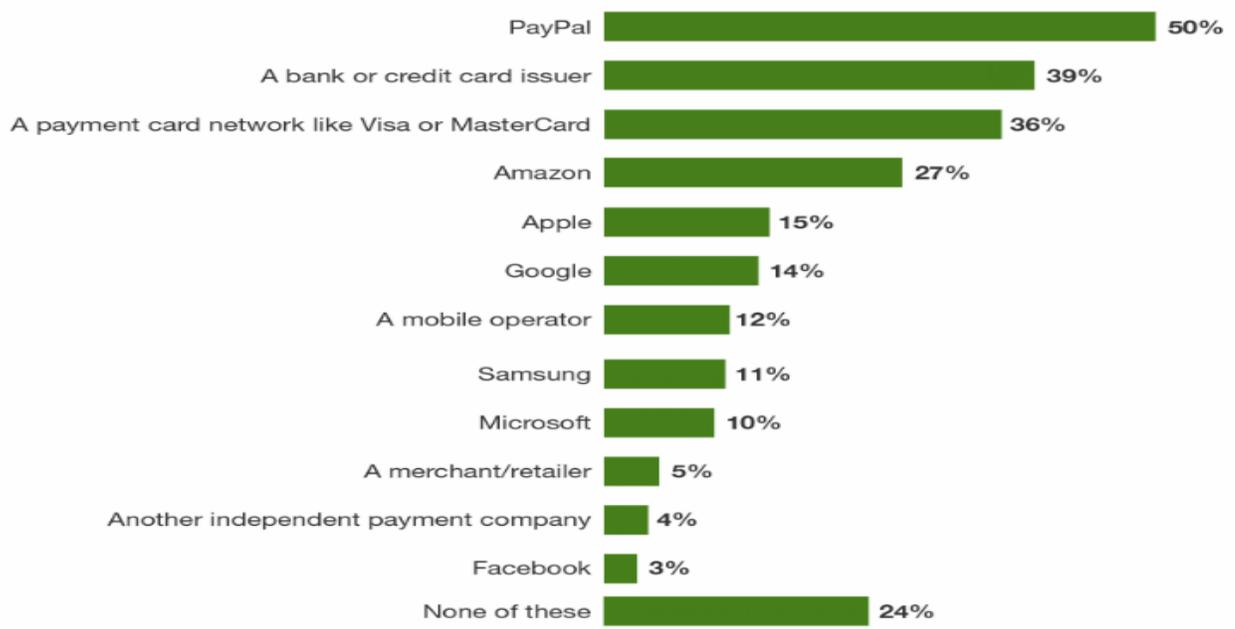


The **Payment Services Directive**^[1] (PSD, 2007/64/EC) is an [EU Directive](#), administered by the [European Commission \(Directorate General Internal Market\)](#) to regulate payment services and [payment service providers](#) throughout the [European Union](#) (EU) and [European Economic Area](#) (EEA). The Directive's purpose was to **increase pan-European competition and participation in the payments industry also from non-banks**, and to provide for a level playing field by harmonizing consumer protection and the rights and obligations for payment providers and users.^[2]

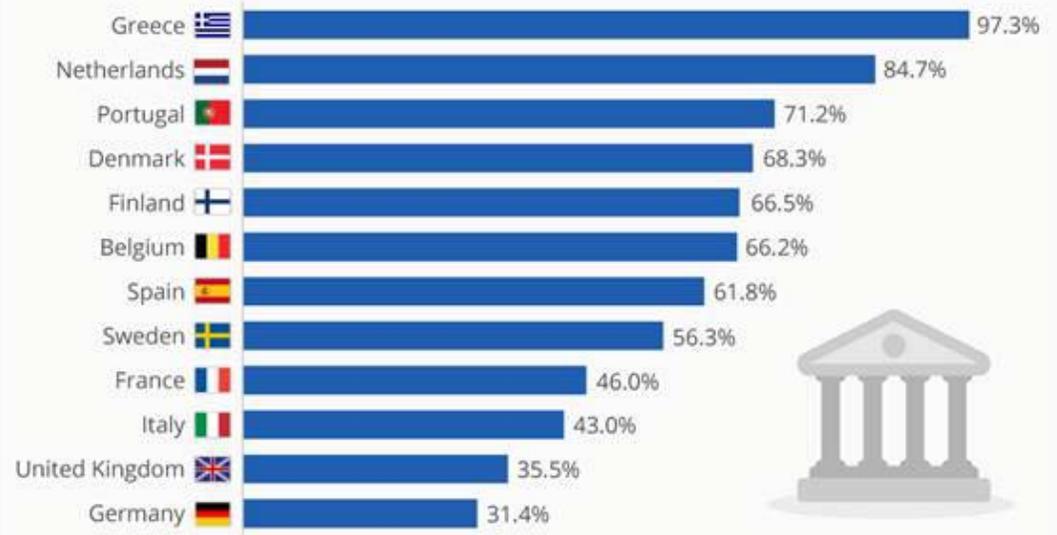
Banks are gradually losing the trust advantage over challengers

Power is shifting to companies that control the customer experience. Banks need to reconsider the experiences they offer to their customers

“Which of the following companies would you trust to provide a mobile digital wallet?”
(Multiple responses accepted; selected responses shown)



PSD2: The End Of A Banking Monopoly In Europe?
Share of five biggest banks in the banking industry's total assets in 2016, per country

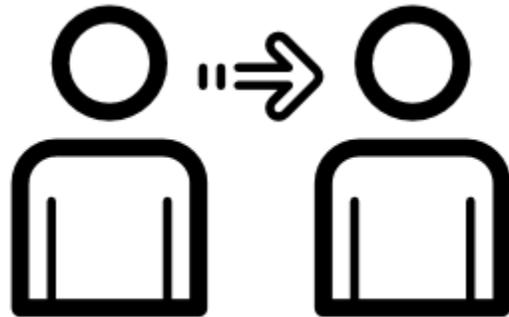


© StatistaCharts Source: European Central Bank, 10-08-2017 



“~7/10 millennials in the UK would use a financial service offered by a Tech Giant”

Which service are people going to use
in order to **share money**?

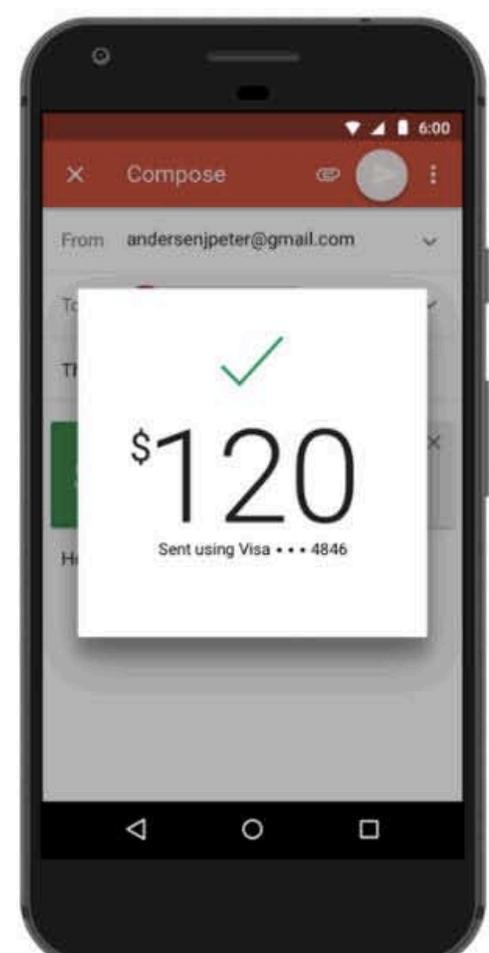
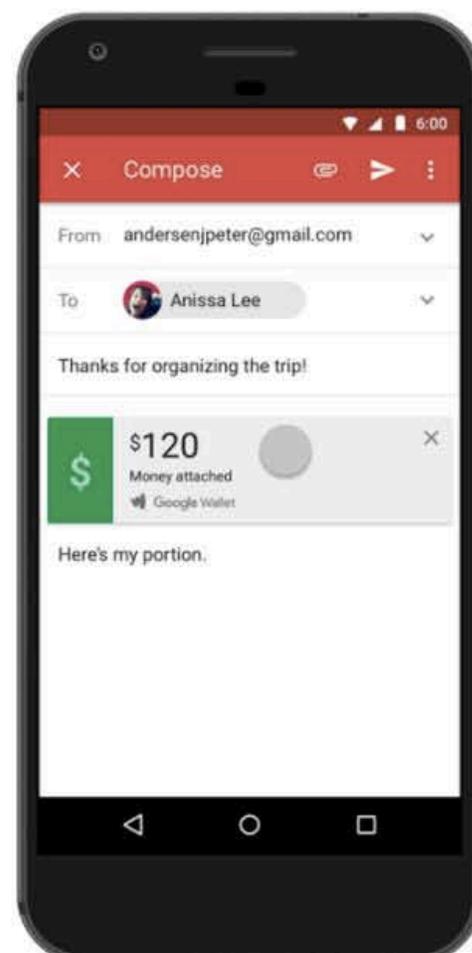
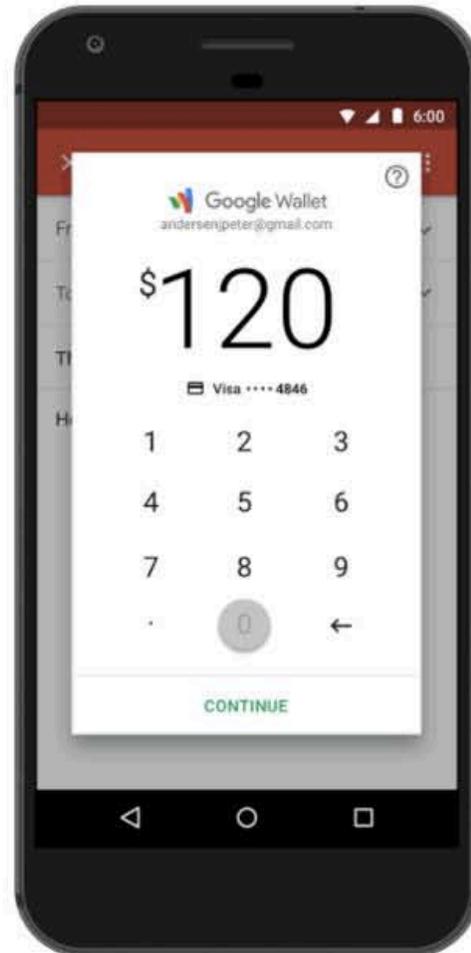
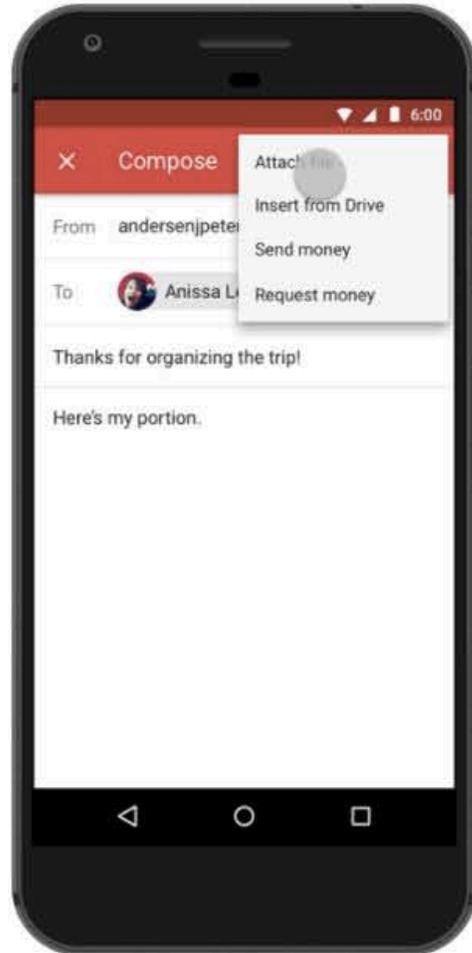


“59% of British Millenials have performed a Mobile P2P payment”

Which service are people going to use in order to **share money**?

Tech Giants

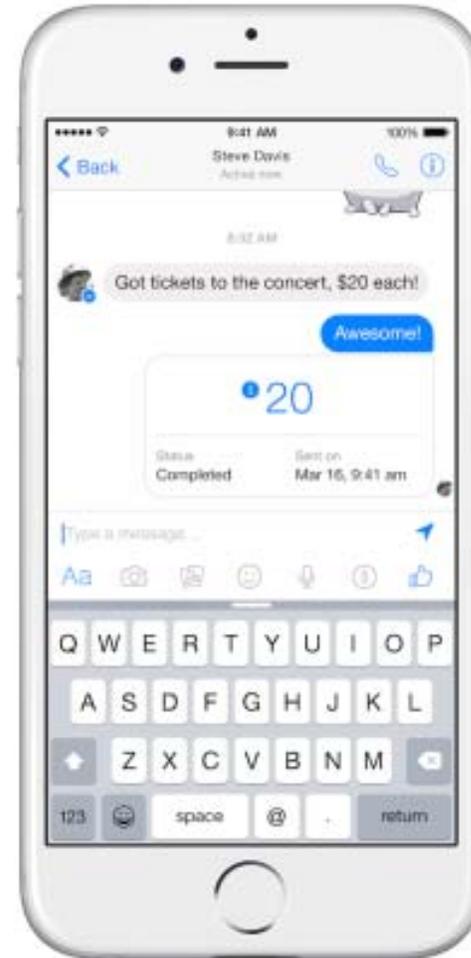
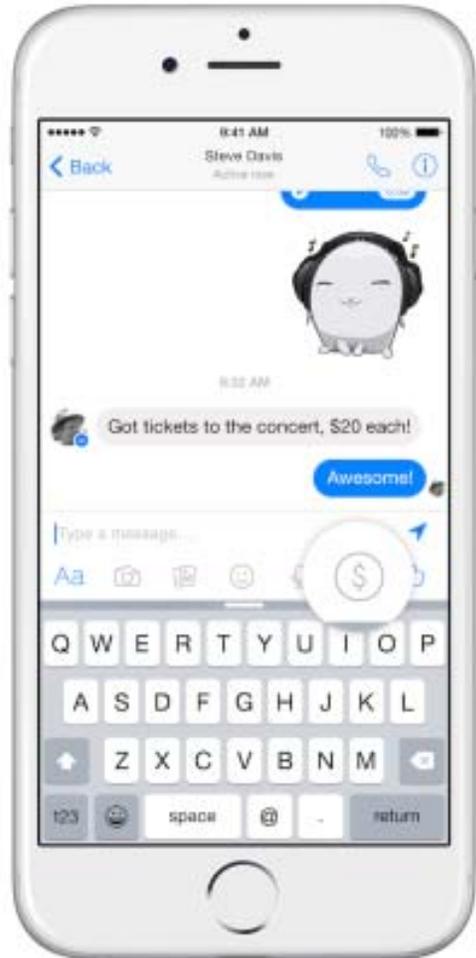
love brands with huge customer bases that can easily upsell services such as payments



Which service are people going to use in order to **share money**?

Tech Giants

love brands with huge customer bases that can easily upsell services such as payments



Tip!

Facebook's virtual assistant will detect when peers are discussing money and suggest the feature

Which service are people going to use in order to **share money**?

Fintechs

try to compete through premium pricing & optimum UX

N26



N26 app is connected to SIRI virtual assistance allowing voice P2P payments

Which service are people going to use in order to **share money**?

Banks / FI

collaborate in order to provide National interbank instant payments to their customers

TWINT

Switzerland's digital wallet

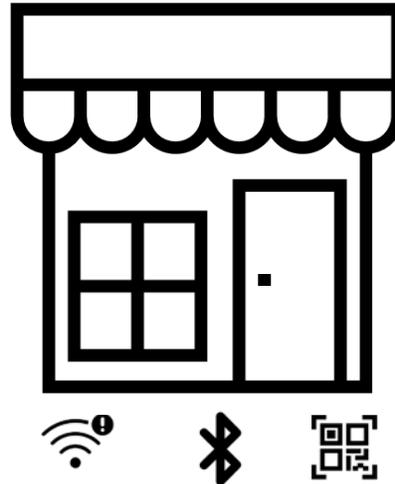
TWINT is the app of Swiss banks for payments and much more.

[Download](#)

The smartphone screen displays a grid of 13 TWINT app icons, each associated with a Swiss bank:

- UBS
- Zürcher Kantonalbank
- PostFinance
- RAIFFEISEN
- CREDIT SUISSE
- BCV
- Obwaldner Kantonalbank
- ZGKB
- BCGE
- NEUE ARRALZER BANK (marked as 'New!')

Which service are people going to use
in order to **pay in stores**?



“All POS terminals in Europe to enable contactless payments by 2020 (Visa and Mastercard mandate)”

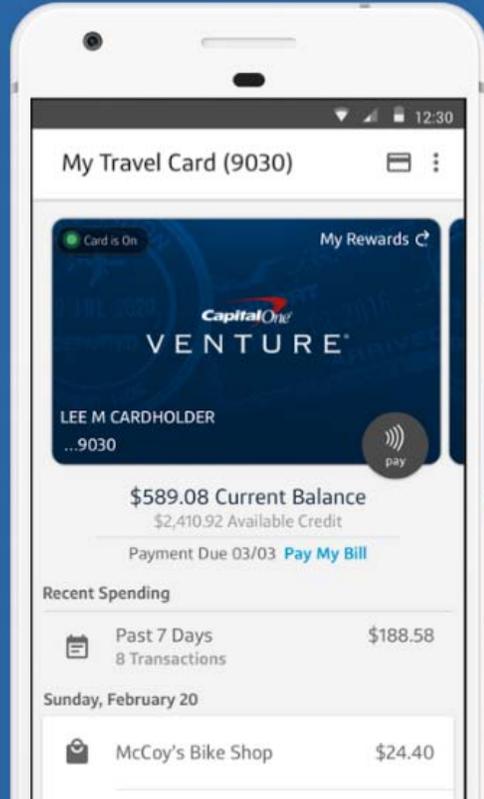
Which service are people going to use in order to **pay in stores**?

Banks / FI

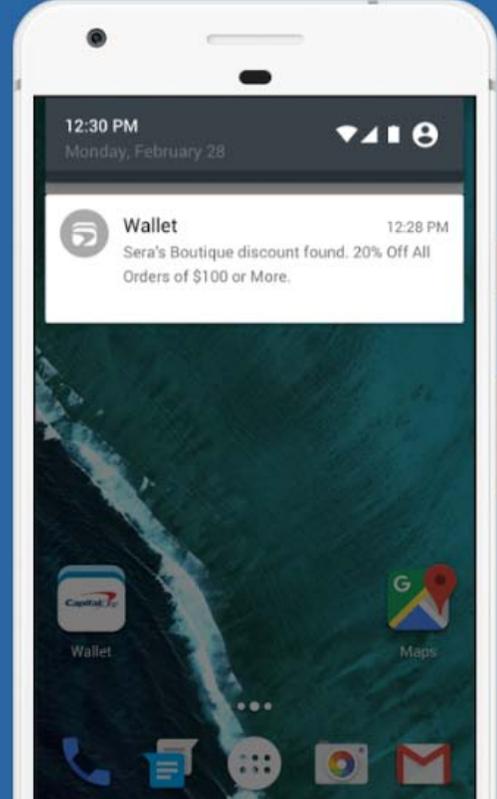
create their own HCE wallet solutions for in-shop card payments, bound with loyalty programs and incentives



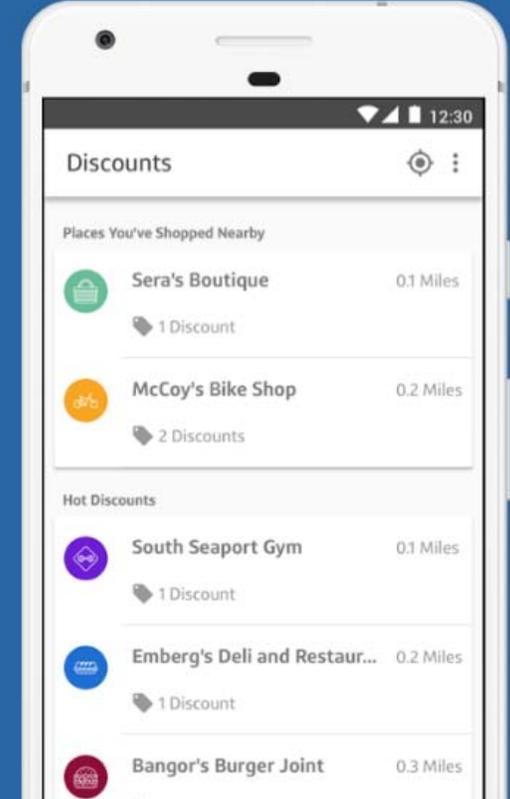
Shop with Confidence



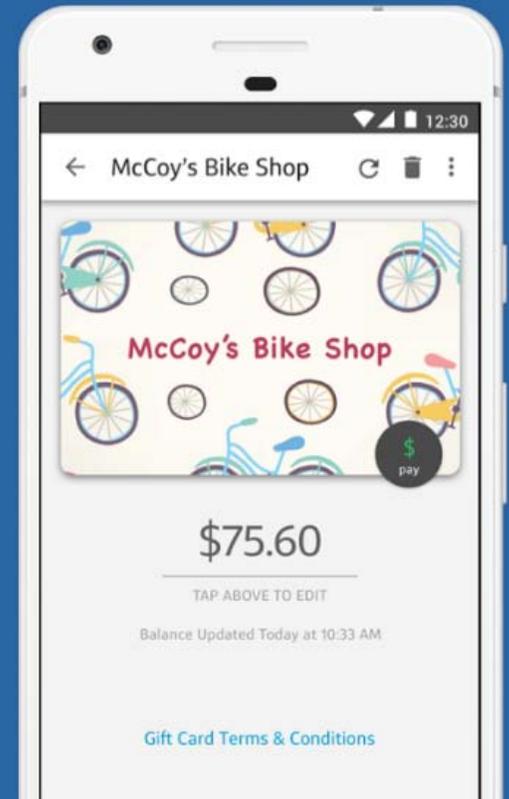
Get Notified of Coupons Nearby



Get Discounts Where You Shop



Keep Your Gift Cards Handy



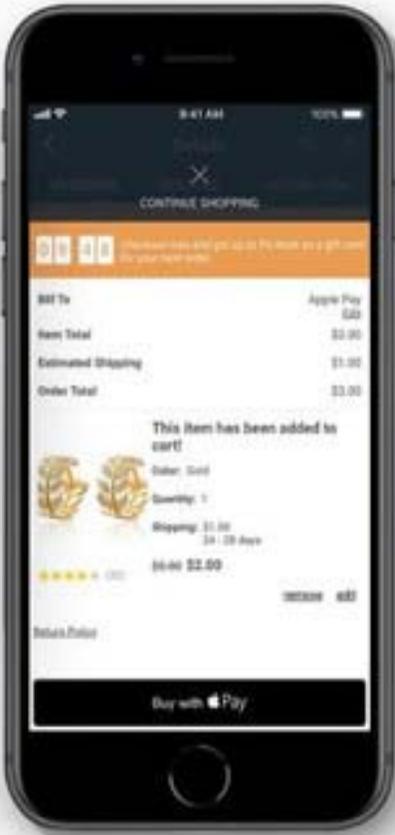
Which service are people going to use in order to **pay in stores**?

Tech Giants

iPhone's wide adoption & proprietary use of NFC, "forces" Banks to allow their cards in the Apple Pay Wallet

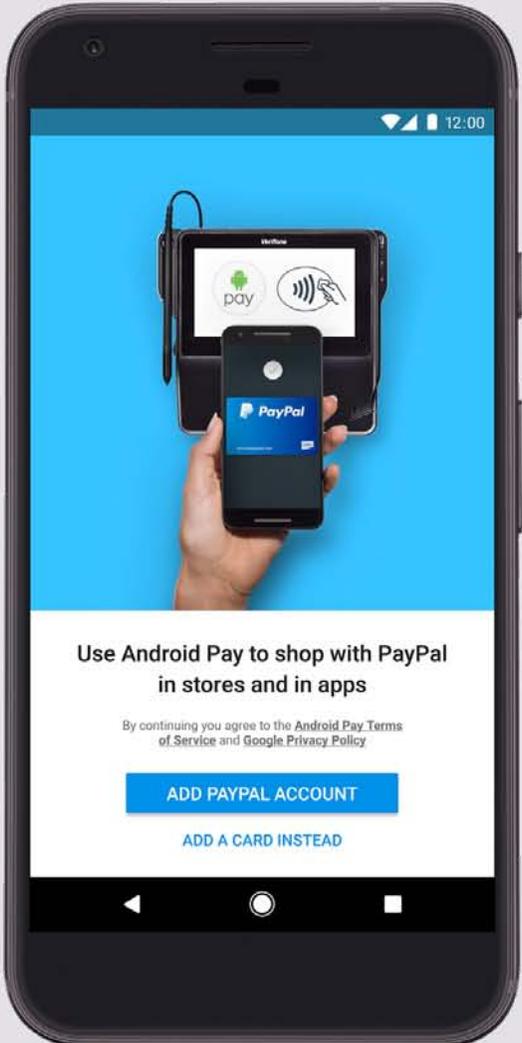


Cashless made effortless.



Which service are people going to use in order to **pay in stores?**

Tech Giants & PSP's partner in order to offer integrated payment solutions to large customer bases



Which service are people going to use in order to **pay in stores**?

Large retailers are also offering their own payment solutions, incorporating sophisticated proximity marketing capabilities

Faster checkout
Pay without ever
reaching for your
wallet.



Which service are people going to use
in order to **pay in online stores?**



“Mobile commerce is expected to account for 45% of total e-commerce sales by 2021.”

Which service are people going to use in order to **pay in online stores?**

Schemes

are trying to create better shopping experiences with advanced mobile-first **card** payment solutions



Which service are people going to use in order to **pay in online stores**?

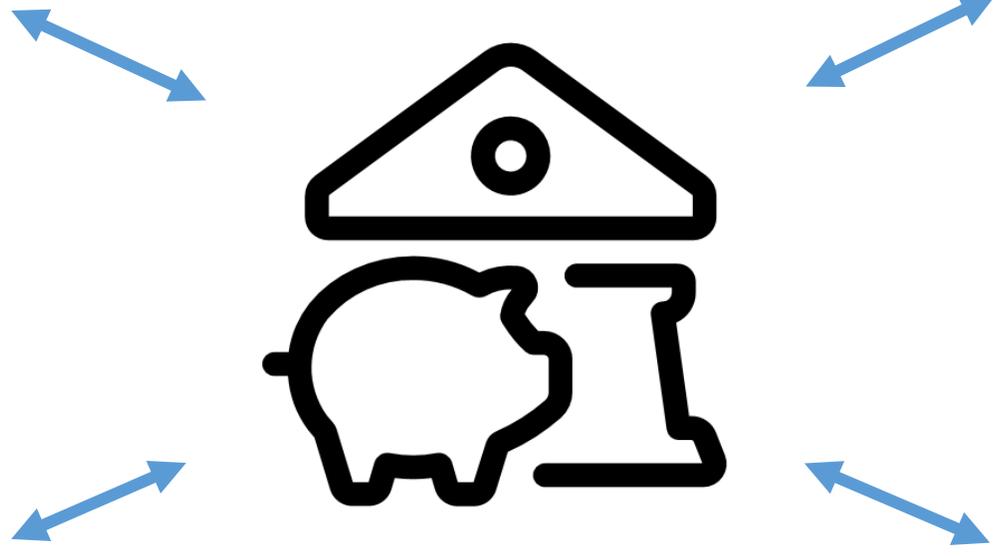
PSPs

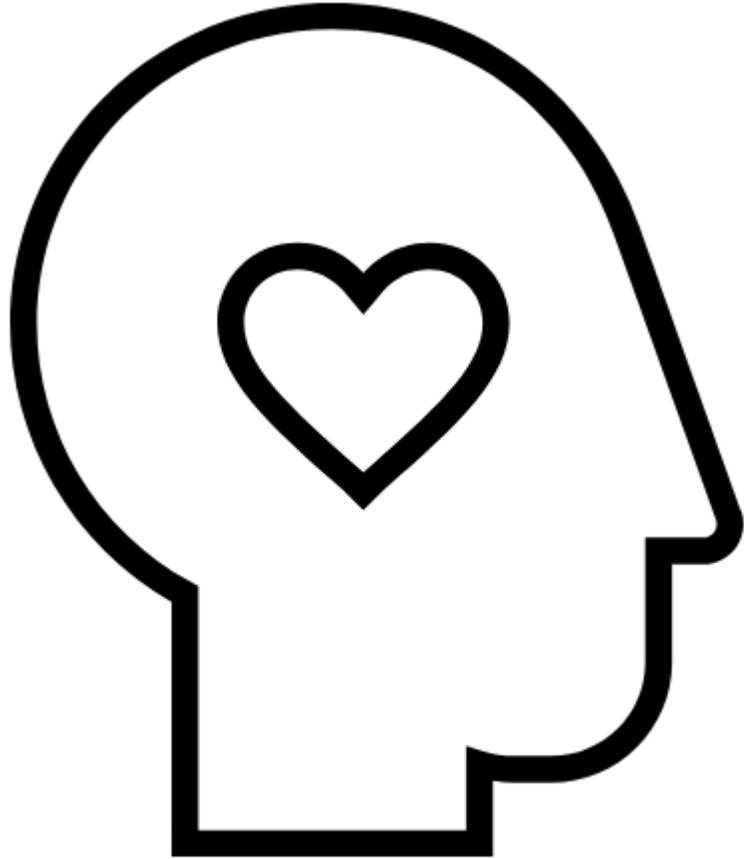
connect to Banks in order to provide instant **account** payments for online purchases



Online payments through your own bank

Klarna.

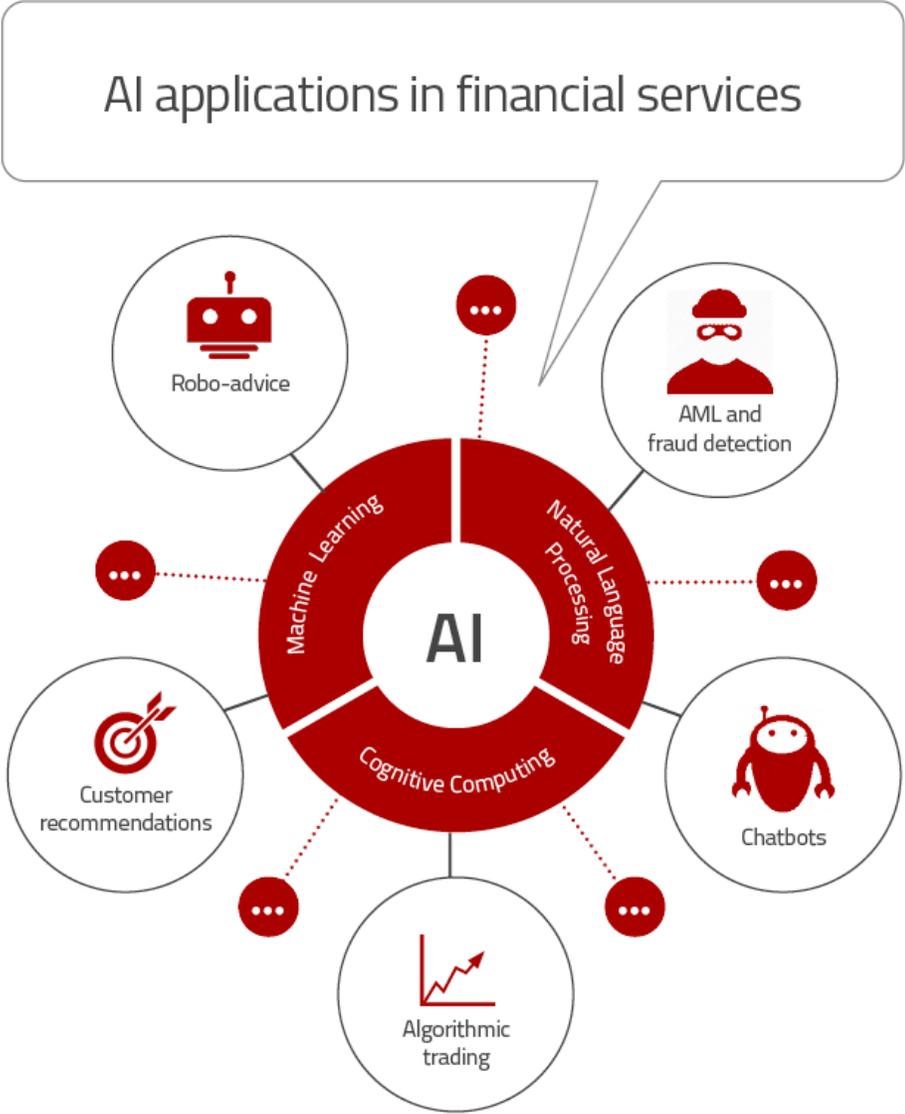




UX will be the major success factor
& **technology** is the key enabler

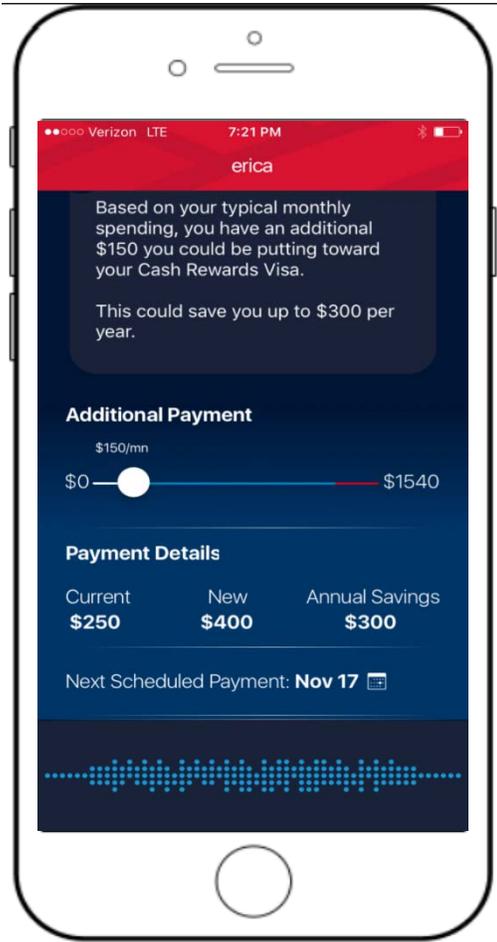
Artificial Intelligence

Voice is the User Interface, AI is the Protocol and Messaging Apps are the Browsers..

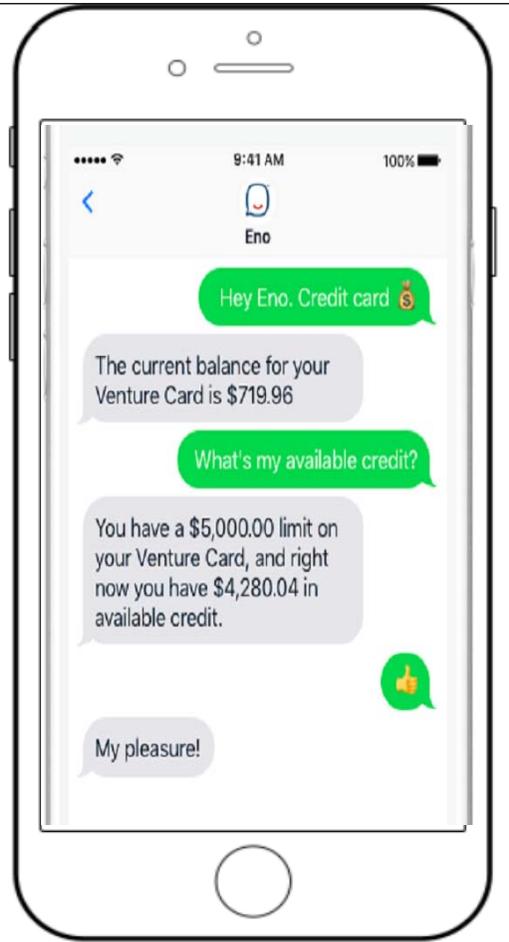


SOURCE: Efma © September 2017 The Financial Brand

Erica by Bank of America



Eno by CapitalOne



Biometrics

Fingerprint, face, voice & iris recognition allow for enhanced security & premium experience with regards to user authentication and transaction validation

Finextra
16 March 2017

Infosys | Finacle
Webinar on **DIGITAL BANKING: TODAY**

BLOGS Ivy Schmerken
MiFID II
Regulations to

TV Research
unbundling and
MiFID II

JOBS jobs find you
Technology Careers

NEWS TV RESEARCH EVENTS RESOURCES COMMUNITY BLOGS CAR
News by sector | Latest news | Announcements

» View all news

Startup trials POS palm payments

10 March 2017 | 8105 views | 6



A Chicago startup has built a biometrics-based payments system that lets people make purchases by holding their hands over a scanner at the point-of-sale.



IoT

“By 2021, more than 15 billion machine-to-machine (M2M) and consumer electronic devices are expected to be connected, or 4 to 6 devices for every person on earth ” [World Payments Report 2017](#)



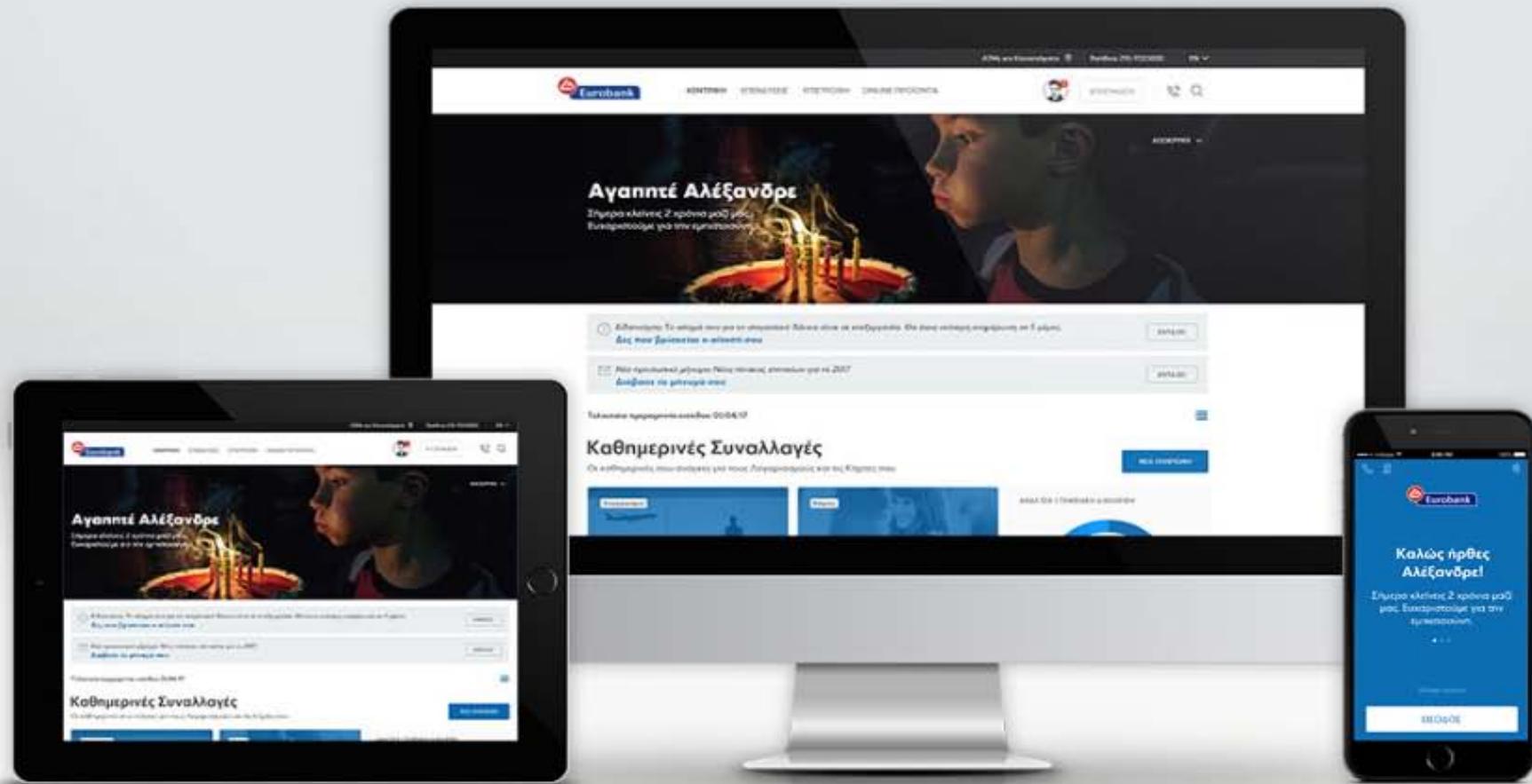
 *Beyond just tolls, fuel and parking, car-based payments could eventually include drive through restaurants and other applications using the car's infotainment systems.*

Mobile Payments strategy – Key Success Factors

1. **Cover all payment instances** – bills, micropayments, physical payments, online shopping, etc
2. **Focus on payment convergence** – uniformity and standardization over payment journeys
3. **Provide supreme UX** – frictionless, fast, easy to adopt user payment experiences
4. **Join forces** – make synergies to broaden user reach, integrate 3rd party platforms & services
5. **Add value** - integrate loyalty schemes and rewards, give meaningful incentives



Eurobank Digital Channels



Eurobank Mobile Strategy

Building a mobile ecosystem as the central point of our digital offering, with services that assist customers' in all aspects of their everyday life



Banking Services

- Real time account, card, loan information
- Online transfers to any Bank
- Remote product applications
- Portfolio management



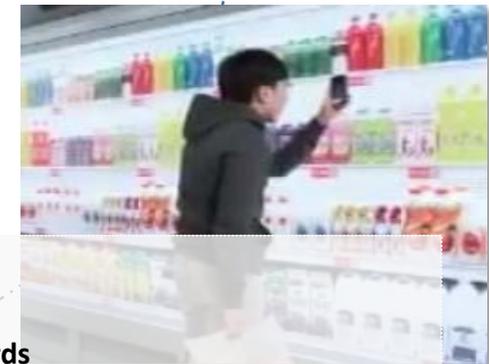
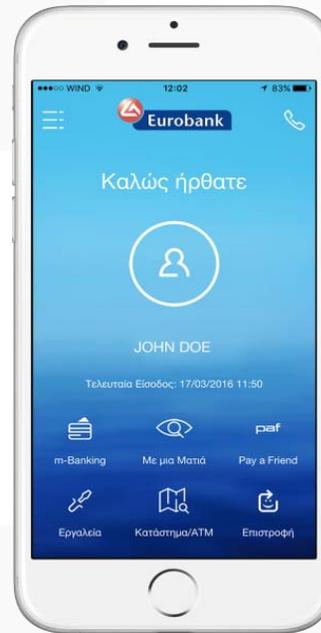
Payment Services

- Remote (e.g bills, Paravolo)
- P2P (e.g. via emails, mobile numbers, Facebook)
- Proximity
- e-commerce



Adding Value Services

- Virtual agent, video banking
- Biometrics authentication



Loyalty

- Coupons, Offers, rewards
- Proximity marketing

Eurobank Mobile App as the central payment asset

Eurobank Mobile App as the primary medium for payment initiation & validation, integrating with 3rd party platforms & exploiting device capabilities & authentication mechanisms

Payment Processors



Authentication Mechanisms

Digital Marketing Platforms

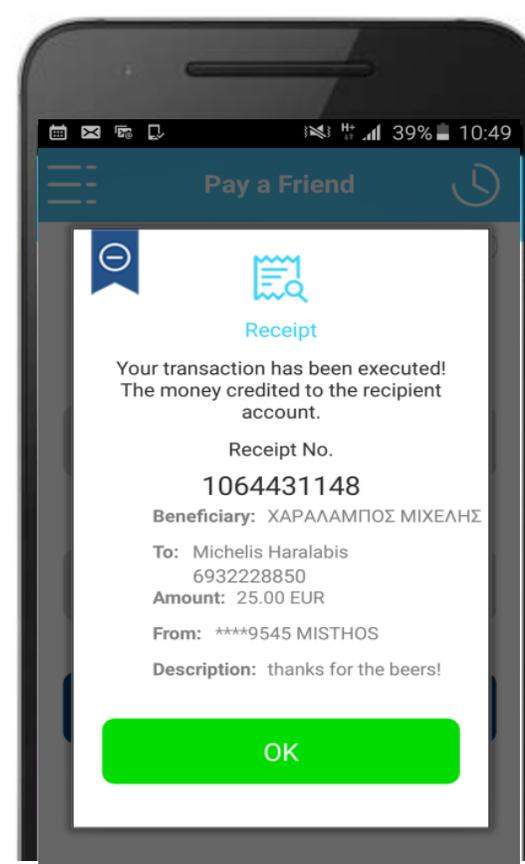
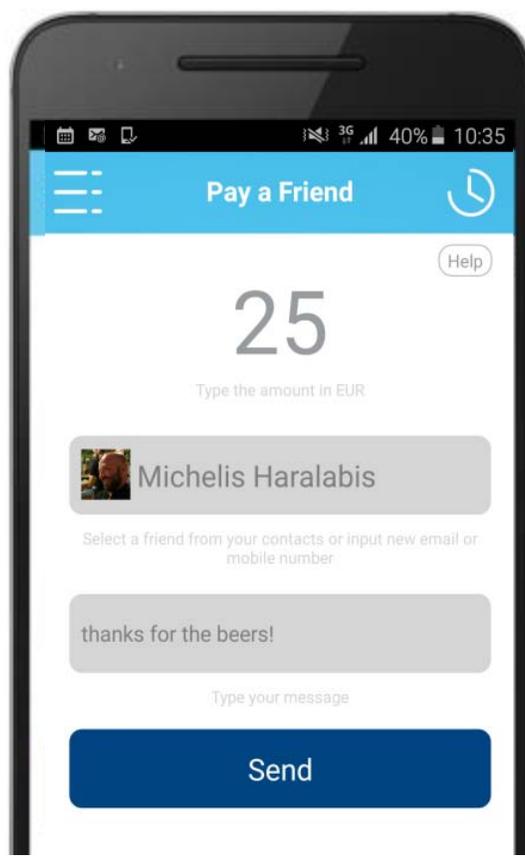
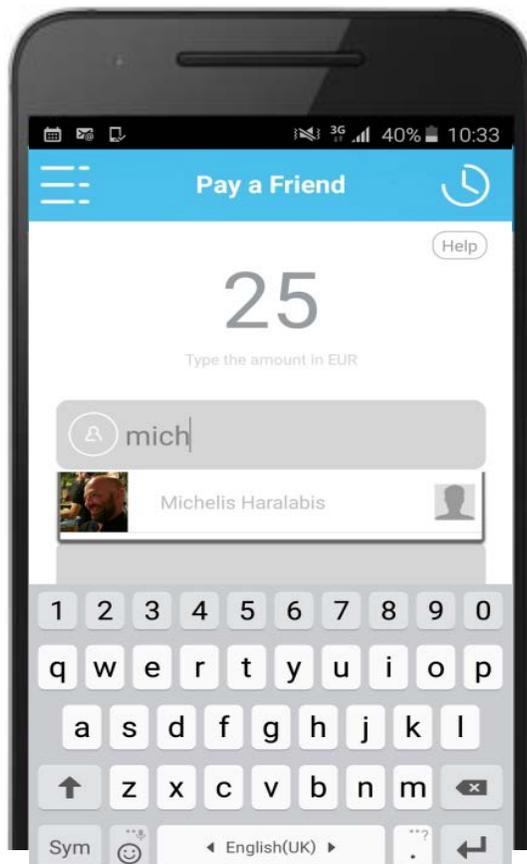




Eurobank Mobile App



Send Money to **ANYONE**, at **ANY BANK**, at **NO COST** !
....via email, mobile no., or Facebook !





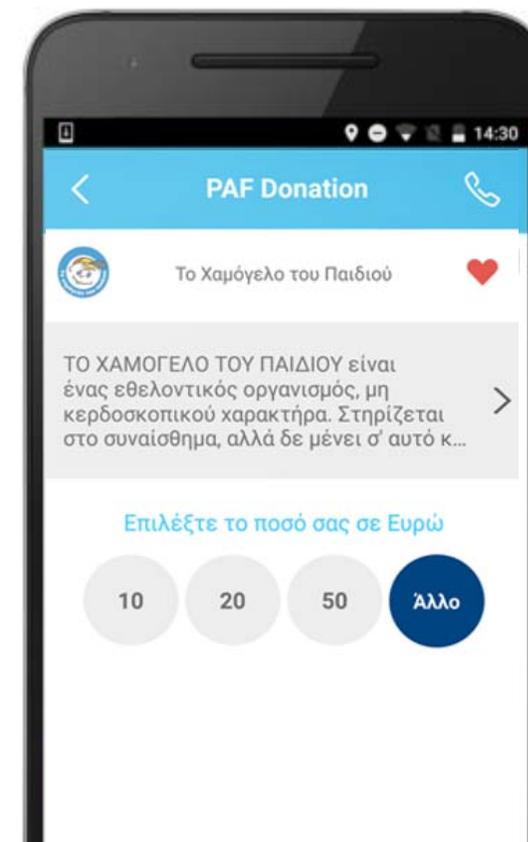
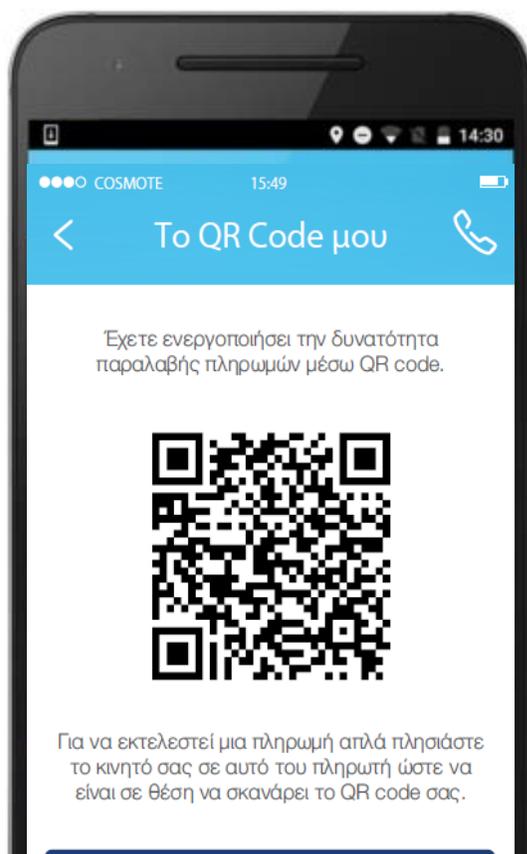
Eurobank Mobile App



Instant Mobile Payments for Professionals & Small Businesses



Instant Payments to Charities





Eurobank Mobile App



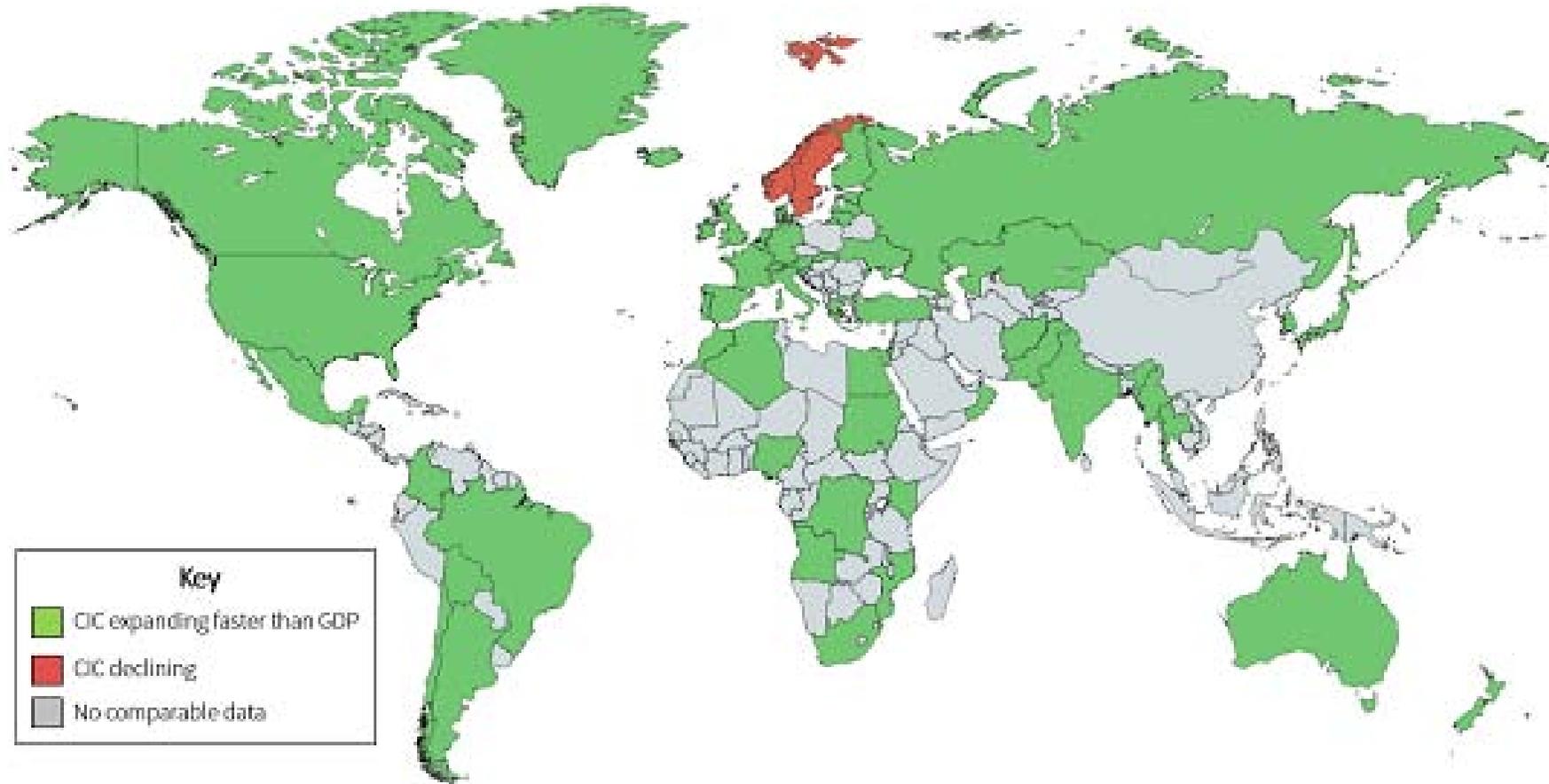
Eurobank **Mobile Wallet** for commerce & proximity payments

“One Pin Solution for all Payments” – A Global Innovation!



Should we expect the death of Cash soon? Not really...

Despite the explosion of technology in payments, demand for notes & coins continues to match or outpace GDP in all major economies



CIC growth compared to GDP from 2006 to 2016, Currency In Circulation Map, Source: IMF and authors' calculations.