

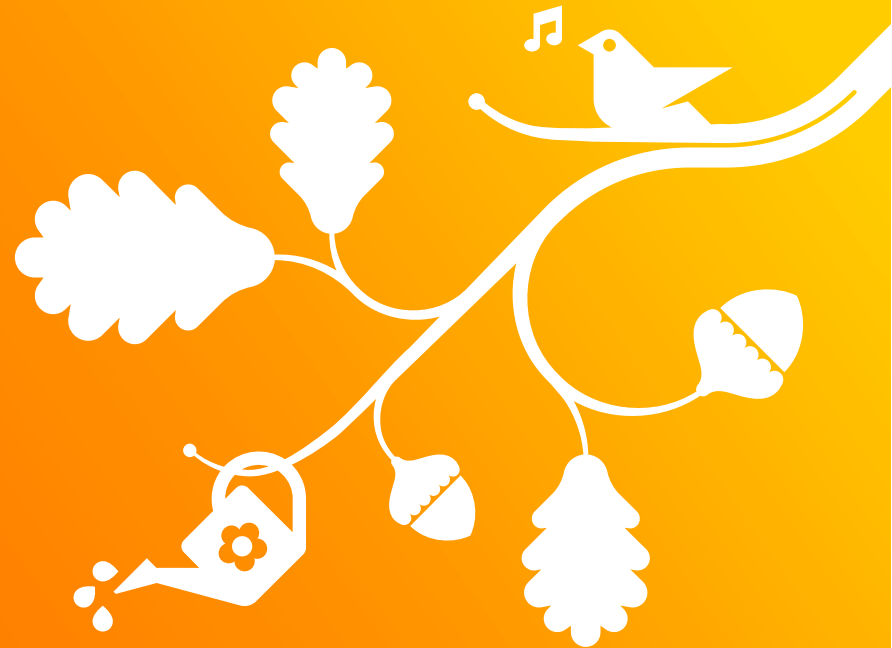
Viipemaksed ja tulevik

EXEX

2017-01-26 , Tallinn

Raulis Üksvärav

Group Cards Acquiring



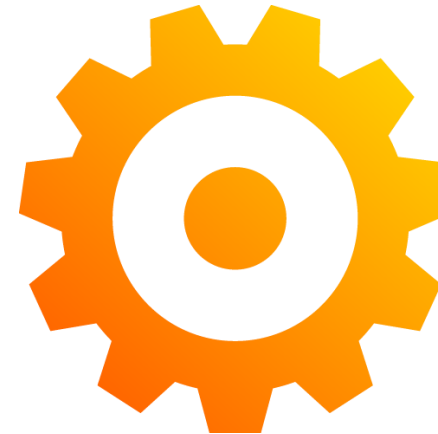


Kuidas oli?



2016 Swedbank Group Cards

- **8 800 000** Kaarti
- **1 500 000 000** makset
- Summas **40 500 000 000 €**
- **150 000** POS terminali
- **2 500 000 000** vastuvõetud tehingut
- Summas üle **55 000 000 000 €**



- **6th acquirer by trx in Europe**
- **21st acquirer by trx in World**

Viipe ja Mobiilimaksed



3 põhisuunda

- Kaardipõhised viipemaksed vajavad infrastruktuuri arendust - NFC tugi terminalidele
- Kaart turvaliselt mobiilirahakotti - tokeniseerimine
- Aplikatsioonisiseseid maksed – E-kommerts arengud - MasterPass, ApplePay, AliPay etc

MasterCard Gets Europe to Tap Everywhere by 2020

MasterCard establishes the acceptance of contactless payments as a standard in Europe

Objective



Our intention is that by 2020, consumers will be able to pay with their contactless cards and NFC enabled devices at all point-of-sale (POS) terminals in Europe.

Key dates

- New POS terminals must adhere to the new standard upon deployment as from 1 January 2016
- Existing POS terminals can be replaced at end of lifecycle, **but at the latest by 1 January 2020**
- Between now and 2020 there are other requirements, such as PCI compliance, that will require payment terminals to be upgraded providing the opportunity to achieve efficiencies

Swedbank Contactless journey



2016

- Upgrade of POS 20%
- 10K POS terminals

2017

- +60% of POS Contactless

2018 – 2020

- 95% POS Contactless

2018 – 2020

- Fully Contactless

2017

- First million cards

2016

- First 100K cards

2015

- Starting point = Infrastructure



Viipemakse - limiidid

Viipemakse limiidid riikide lõikes

Eesti	
Läti	10 eurot
Leedu	
Euroala (enamik riike)	25 eurot
Prantsusmaa	
Hispaania	20 eurot
Slovakkia	
Poola	50 PLN (~11 eurot)
Ungari	5000 HUF (~16 eurot)
Tšehhi	500 CZK (~18 eurot)
Rootsi	200 SEK (~21 eurot)
Norra	200 NOK (~22 eurot)
Taani	200 DKK (~27 eurot)
Ühendkuningriik	30 £ (~35 eurot)
Austraalia	100 AUD (~70 eurot)

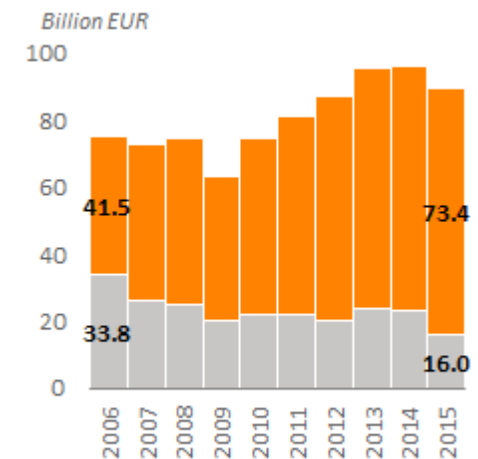
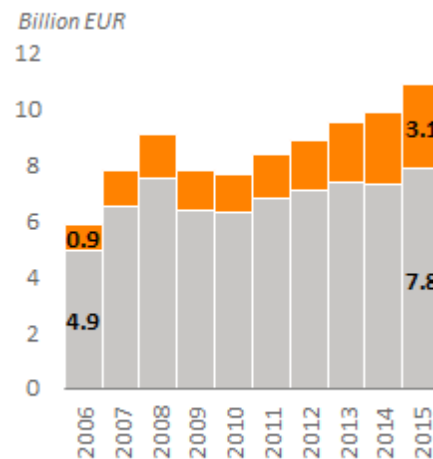
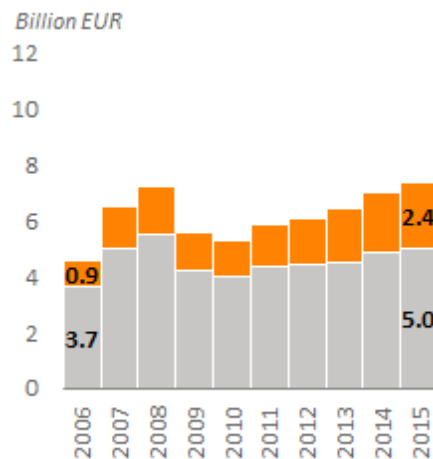
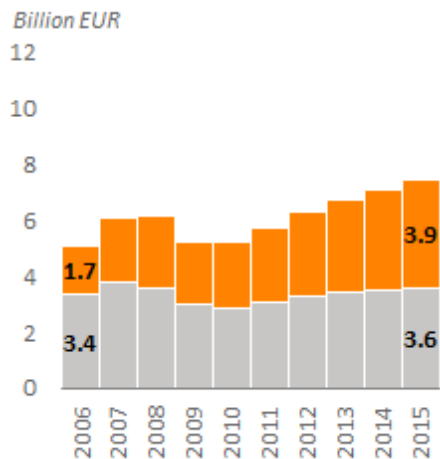
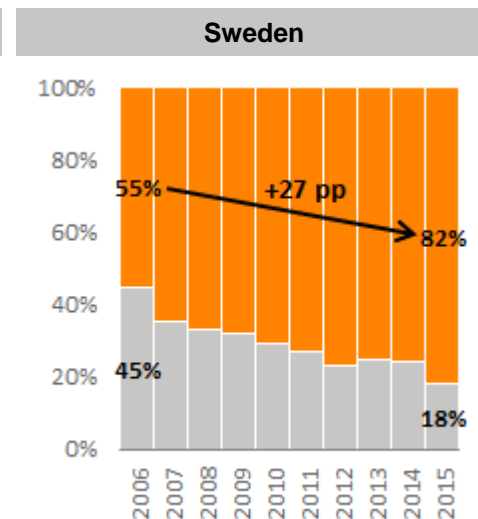
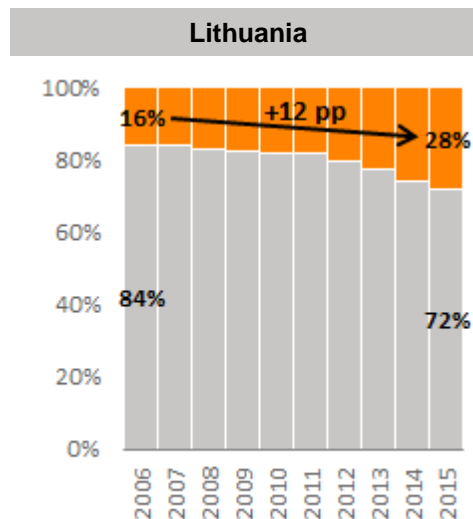
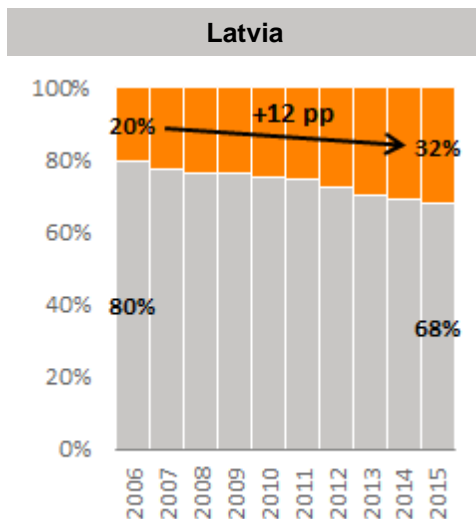
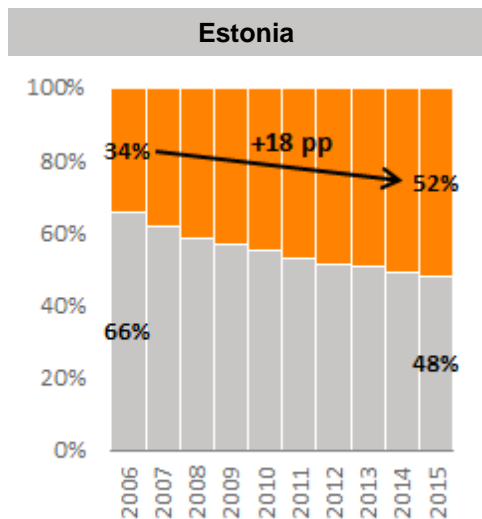
Source: European Central Bank

Statistika



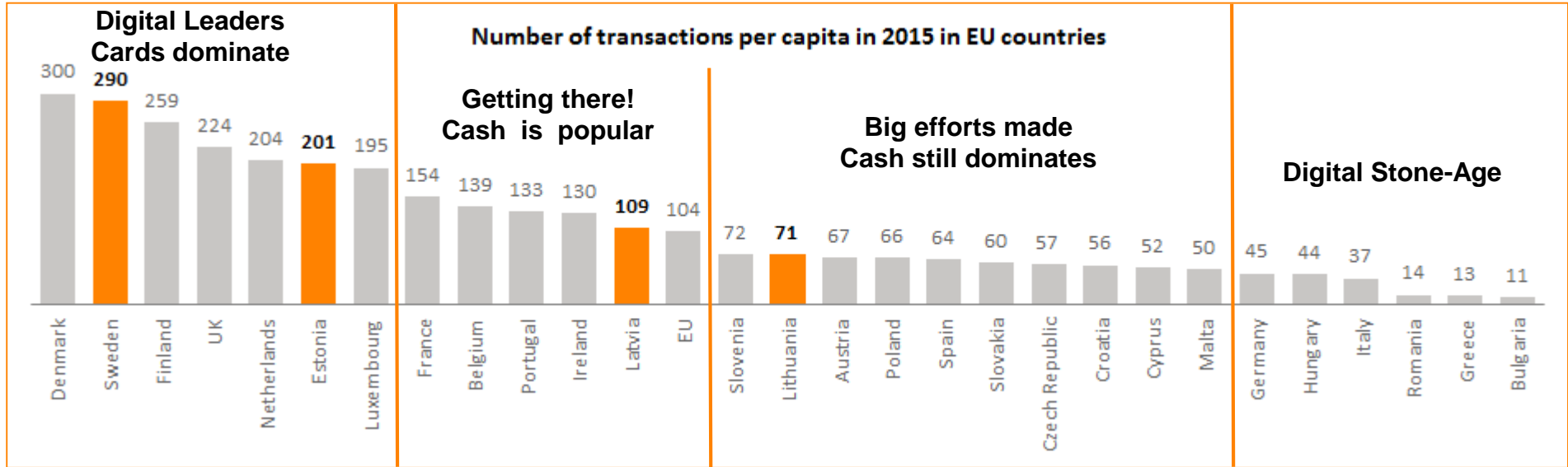
ATM/POS ratios

■ ATM withdrawals ■ POS-payment

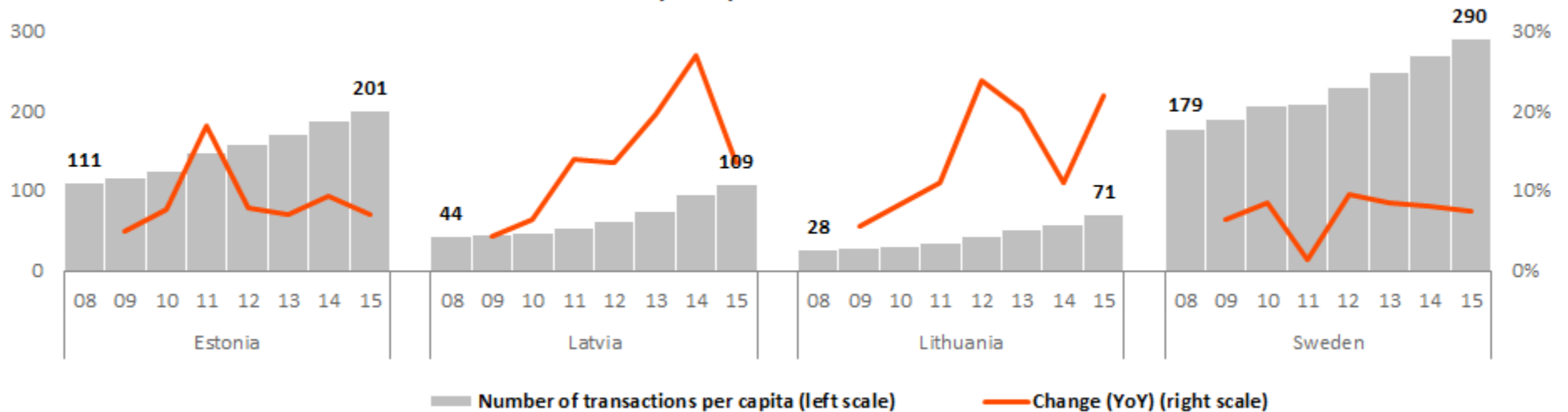


Source: European Central Bank
 Note: All transactions with cards issued in the respective country

Number of transactions per capita



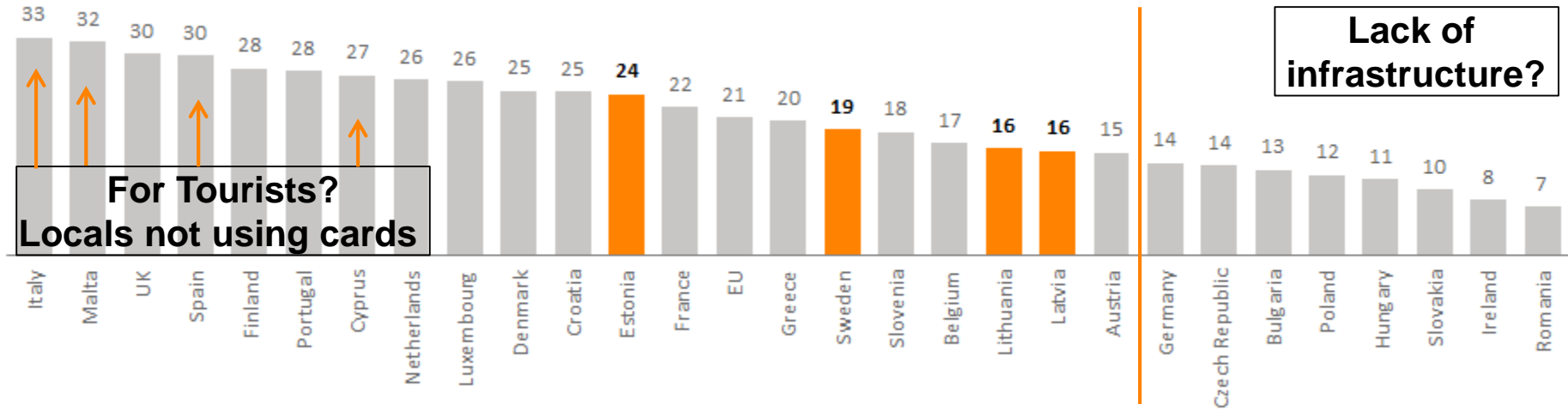
Number of transactions per capita in Baltic's and in Sweden 2008-2015



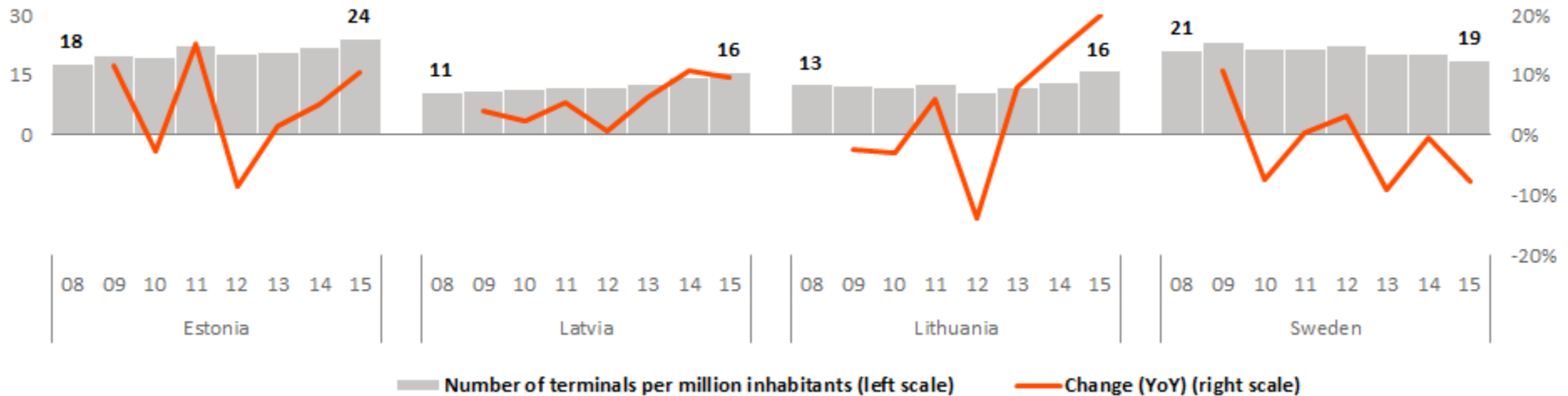
Source: European Central Bank

Number of terminals per million inhabitants

Number of terminals (th) per million inhabitants in 2015 in EU countries



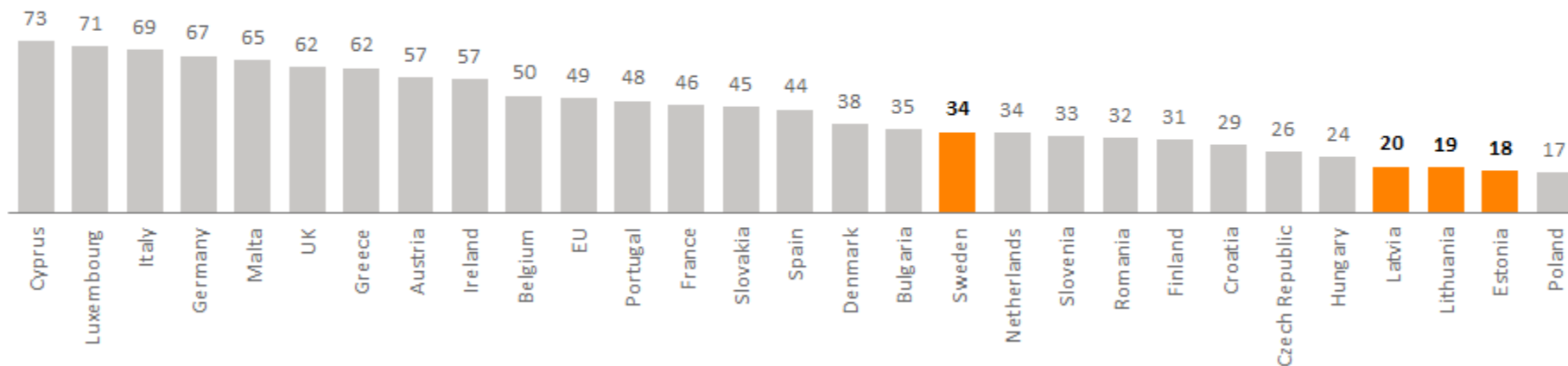
Number of terminals (th) per million inhabitants in Baltic's and in Sweden 2008-2015



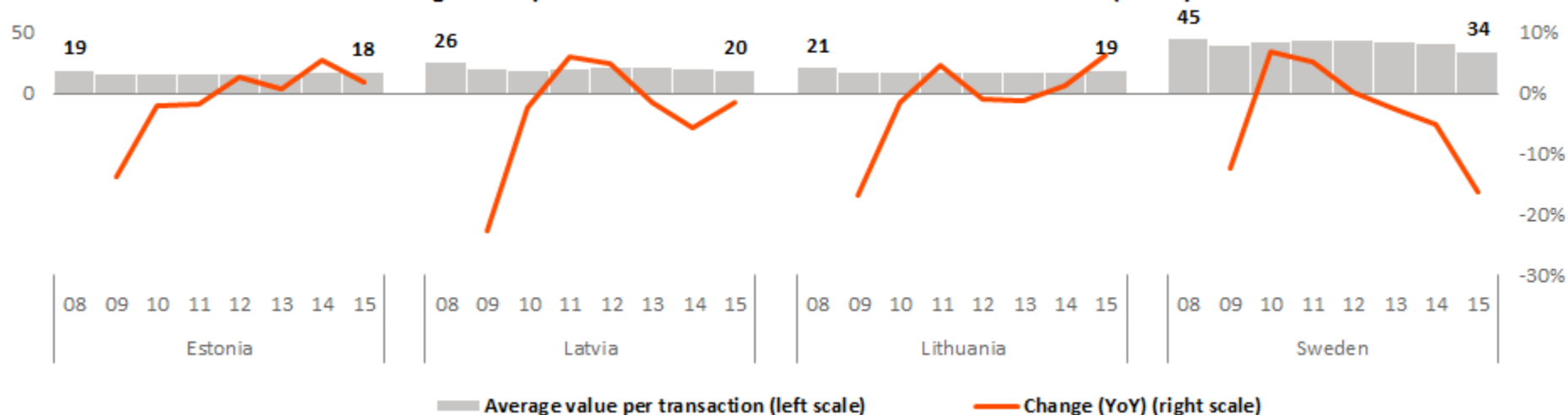
Source: European Central Bank

Average value per transaction

Average value per transaction in 2015 in EU countries (euros)



Average value per transaction in Baltic's and in Sweden 2008-2015 (euros)



Source: European Central Bank

Mis UUT? Whats New?



Old school Check-out and Payment



PETER ANTEATER 1936
123 Any Street
Irvine, CA 92697

10/15/12 DATE

PAY TO THE ORDER OF U.C. Regents \$ 754.00

Seven hundred fifty-four dollars and 00/100 DOLLARS

2 FOR 10# 99991234 HOUSING ONLY 3

008800186 008888527* 1000

Peter Anteater



CREDIT IDENTIFICATION CARD

The Diners' Club H-2

Samuel A. Jeffries
S.A. Jeffries Co.
105 Forrest Ave.
Harberth, Pa. 91-080

EXPIRES DECEMBER 31, 1951
SUBJECT TO TERMS ON REVERSE SIDE

Samuel A. Jeffries
SIGNATURE OF AUTHORIZED BEARER



HATS HATMAKING SHOP

Mis on muutunud?

BROWSE SOME OF OUR MOST POPULAR STYLES.

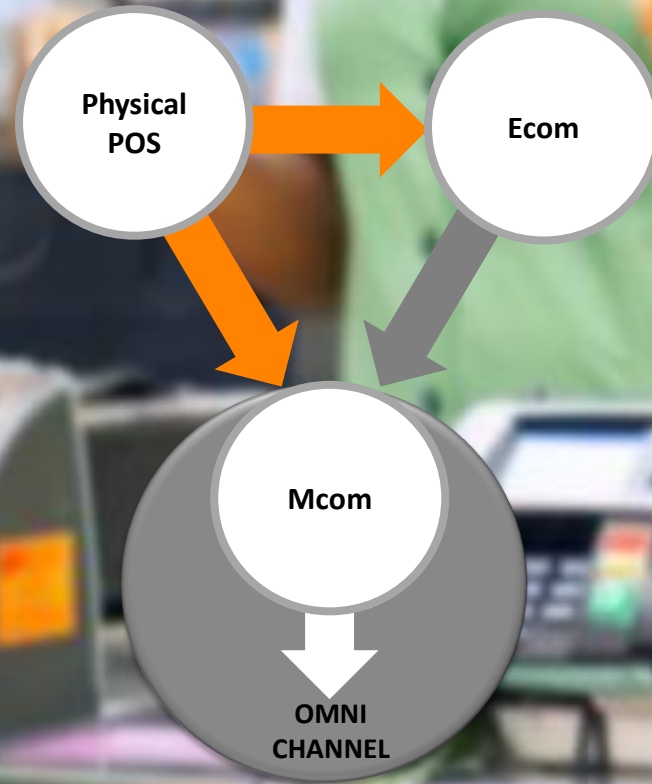
filter



Apple Pay

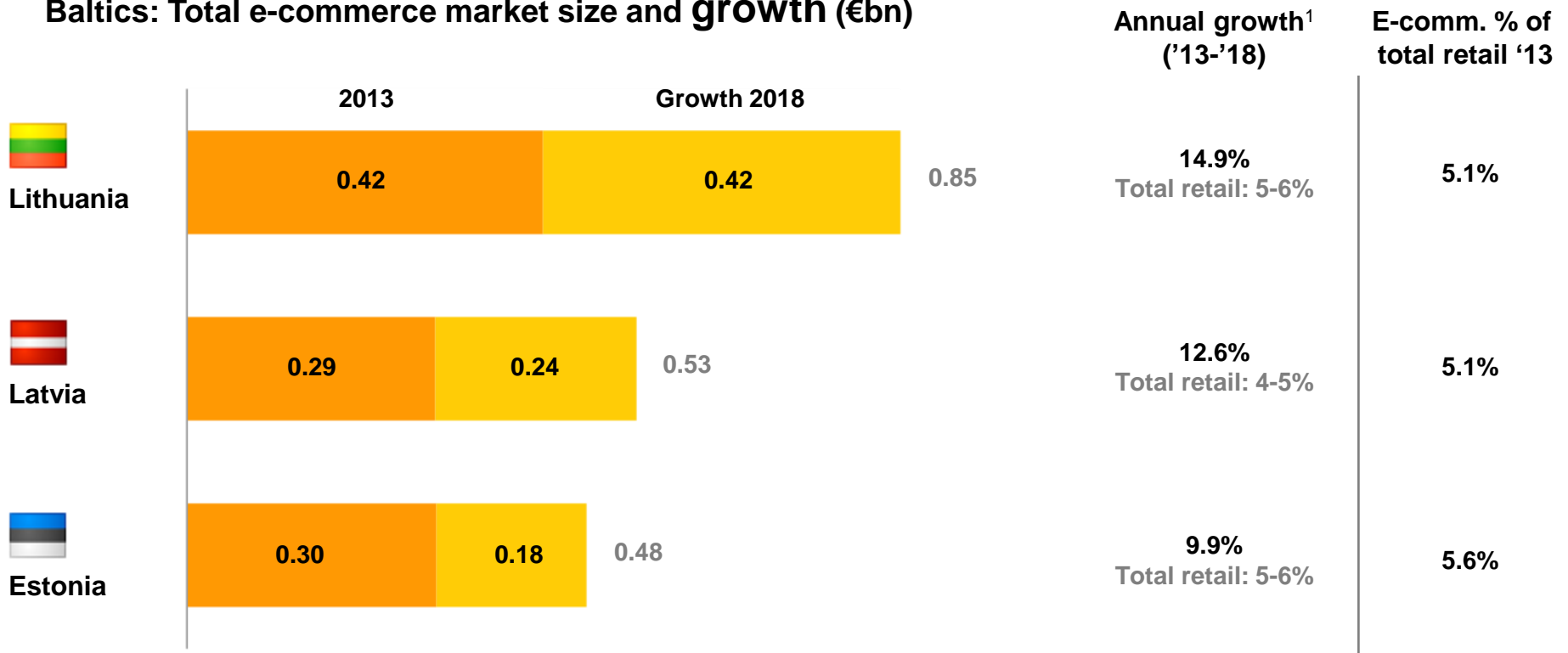


Shopping - New school – Omni channel



Baltic e-commerce market size and growth

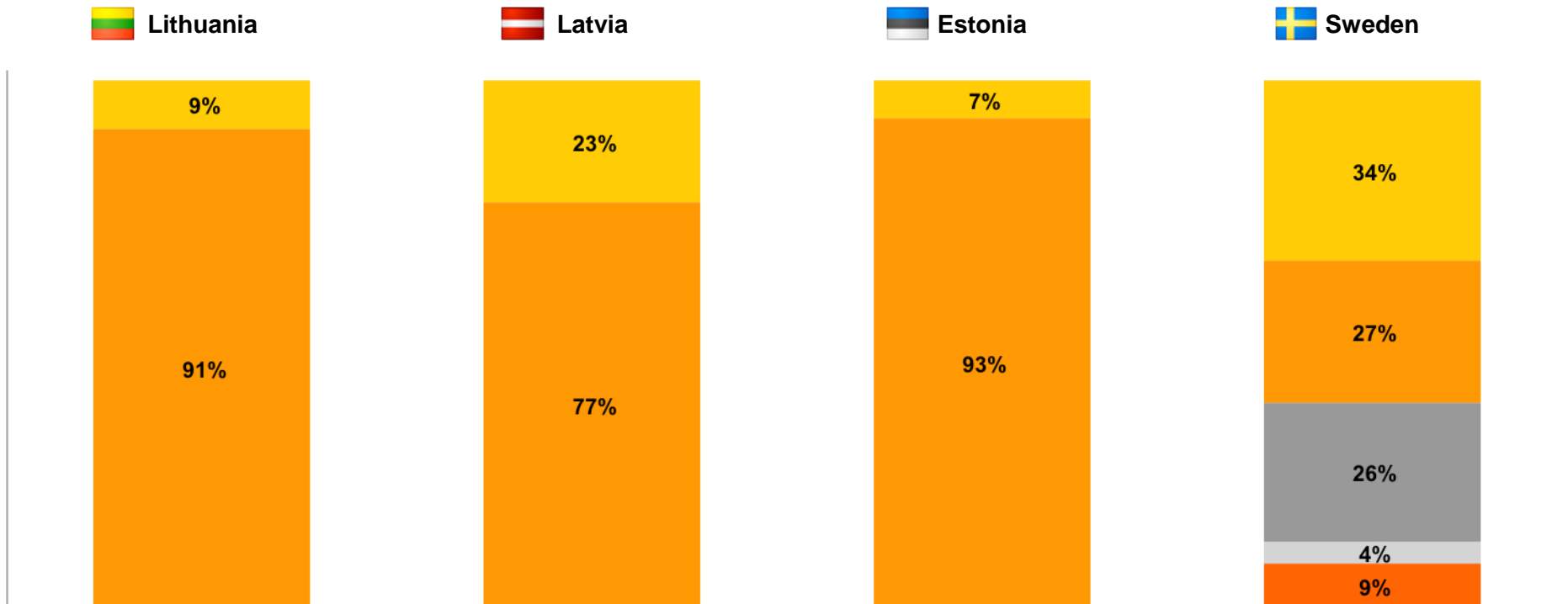
Baltics: Total e-commerce market size and growth (€bn)



All countries in the Baltics are growing rapidly, with around 10% annual growth up until 2018; Lithuania is the largest with €0.4bn in 2013 which will double in 2018

¹ CAGR: Compounded Annual Growth Rate
 Source: Euromonitor from trade sources/national statistics (note: data not available for Gaming)
 © Swedbank

E-kaubanduses kasutatavad makselahendused



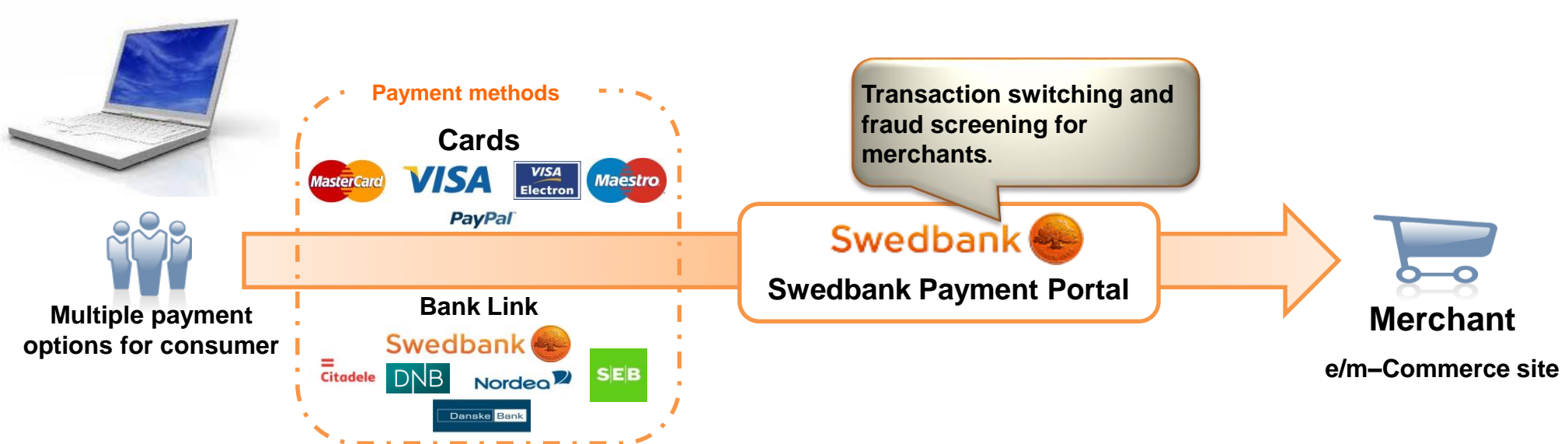
Payments methods in the Baltics are very similar, the vast majority is on Bank Transfers (Bank Link), while Sweden, as a more e-commerce developed country, has more card use and more methods overall

¹ Baltic info based on interviews with Swedbank.

² 'Other' include: other E-wallets, cash on delivery, cash at stores.

Swedbank Payment Portal

A **new e-commerce payment gateway** for merchants including enhanced payment functionality needed to do business online



Shopper Value Management

Main concept:

- Establish insight service for POS merchants based on acquiring analytics.
- From backward looking data to forward looking insight

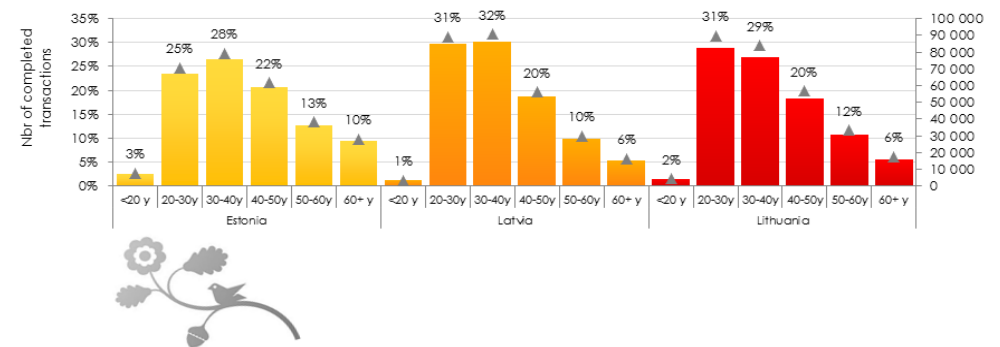
We do not give out datasets, but offer analytical tools for decision making

Private customer profile

Includes only Swedbank card holders transactions during last 3 months at Neste outlets

Average shopper at Neste in Estonia is in the age of 42.2 years, male, Estonian speaking and spending on average 25,0 EUR per one purchase. In Latvia, the average shopper is 3 years younger, spending on average 4,02€ less per one purchase compared to Estonians. Lithuanians however are the eldest, with the average shopper of 44,8 years and spending -5,8% less compared to Estonians but 12,3% more compared to Latvians

Private customer profile by Age

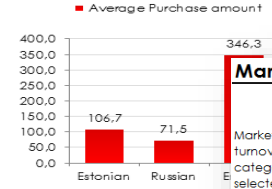
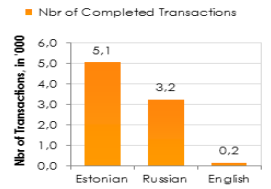
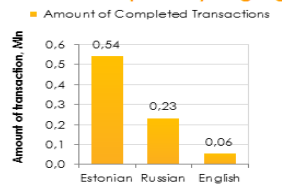


Private customer profile

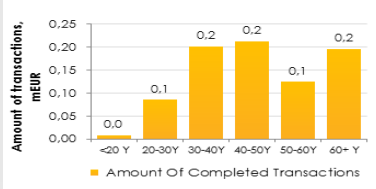
Includes only Swedbank card holders transactions during last 3 months at OLYMPIC CASINO EESTI AS outlets

Average shopper at OLYMPIC CASINO EESTI AS is in the age of 43.9 years, male, Estonian speaking and spending on average 97,8 EUR per one purchase.

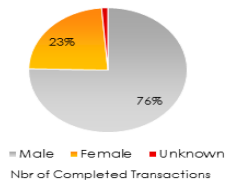
Private customer profile by language



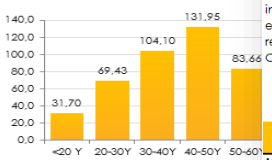
Profile by Age



Profile by Gender



Average purchase amount



Market snapshot

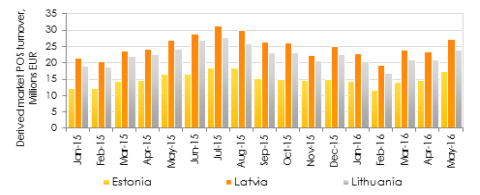
Market snapshot is derived based on card payment turnovers using MCC industry definition (merchant category code) that is related to each terminal and selected by customer.

This is used in combination with Swedbank Cards payment turnover on market in other terminals with same MCC code but not belonging to Neste. Factoring in overall market share of Swedbank cards, an estimate of category turnover on market can be reached. Cash payment volumes are excluded from calculations

	Last 12 Months	Previous 12 Months	Δ %
Market turnover, Baltics	606,4	977,1	↓ -37,9%
Estonia	128,1	127,0	↑ 0,9%
Latvia	261,4	268,2	↓ -2,5%
Lithuania	216,9	581,8	↓ -62,7%
Share of market, Baltics	26%	14%	↑ 10,3%
Estonia	45%	48%	↓ -2,1%
Latvia	17%	16%	↑ 0,9%
Lithuania	26%	9%	↑ 17,1%

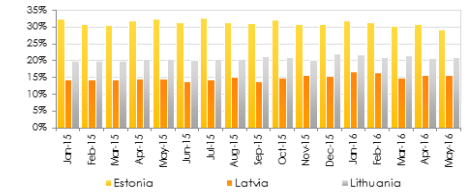
*Only card transactions, no cash payments.
MCC Category: Fuel

Derived market volumes, card transaction turnover. MCC category Fuel



*Calculations based on MCC category codes. Data source: Swedbank

Derived market share, card transaction turnover. MCC category Fuel



China Union Pay



Key Figures

- The **1st** largest card network by cards in circulation worldwide
- The **2nd** largest card network by transaction volume worldwide
- Over **5** billion UnionPay Cards in circulation
- Over **41** trillion RMB (US\$6.6 T) transaction volume in 2014

Data Resource: Bloomberg & Nilson



What does all this
mean for payments?

Keerukus järjest kasvab



Virtual Store front



Showrooming



Connected device



Mobile POS terminal



Omni channel shopping



Buying in aisle



Biometry



Location-based app & offers



Wearable

Evolution of Card Payments

In-Store

- Step-by-step evolution
- Standardized offering
- Over time increasing security
- Over time increasing convenience

**In store
growth rate
10%**

Remote

- Scattered offering – No standardization
- CNP – Low (perceived) security
- No homogenous UX - Many authentication methods
- Rejection rate high due to fraud control mechanisms

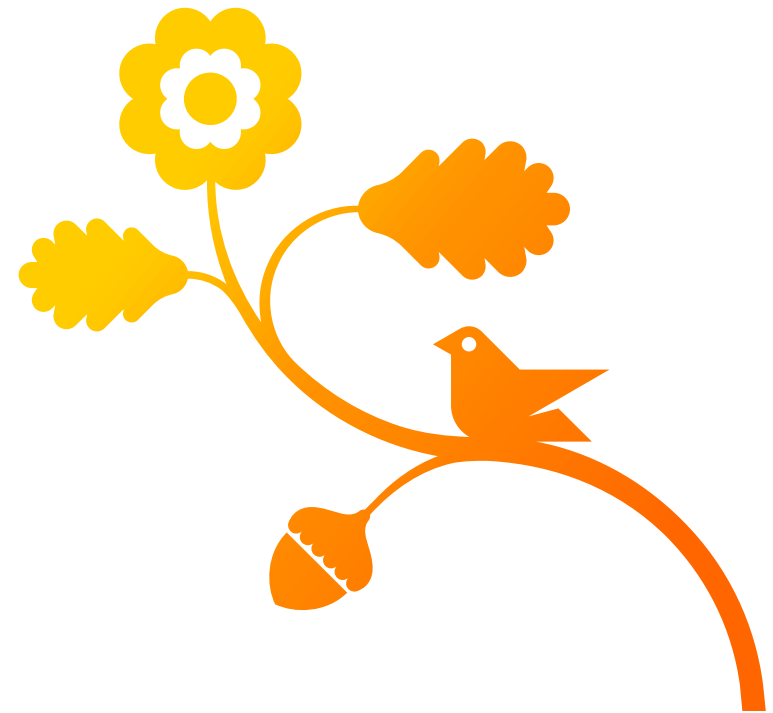
**Remote
growth rate
+20%**

Ja lõppude lõpuks;

Kes otsustab mis on tulevik ja kuidas maksmine muutub?

Pangad
Kaupmehed
Regulaatorid
Tehnoloogiafirmad

... või??



Nagu alati – Tarbija otsustab!

User experience

Design

