

Online payments in Europe

Tonnis de Boer



- Groningen, 1973
 - Studied Technology Management in NL en UK
 - Background in ERP/business software industry
 - Former Business Unit Manager Exact Software
 - Innopay since 2007
 - Management & Technology Consultant
 - Focus on online payments & e-invoicing
-
- Love to combine business, people and technology

15 March, 2010 - 16:57

Could Facebook wipe out the banking industry?

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5857 views

5 comments

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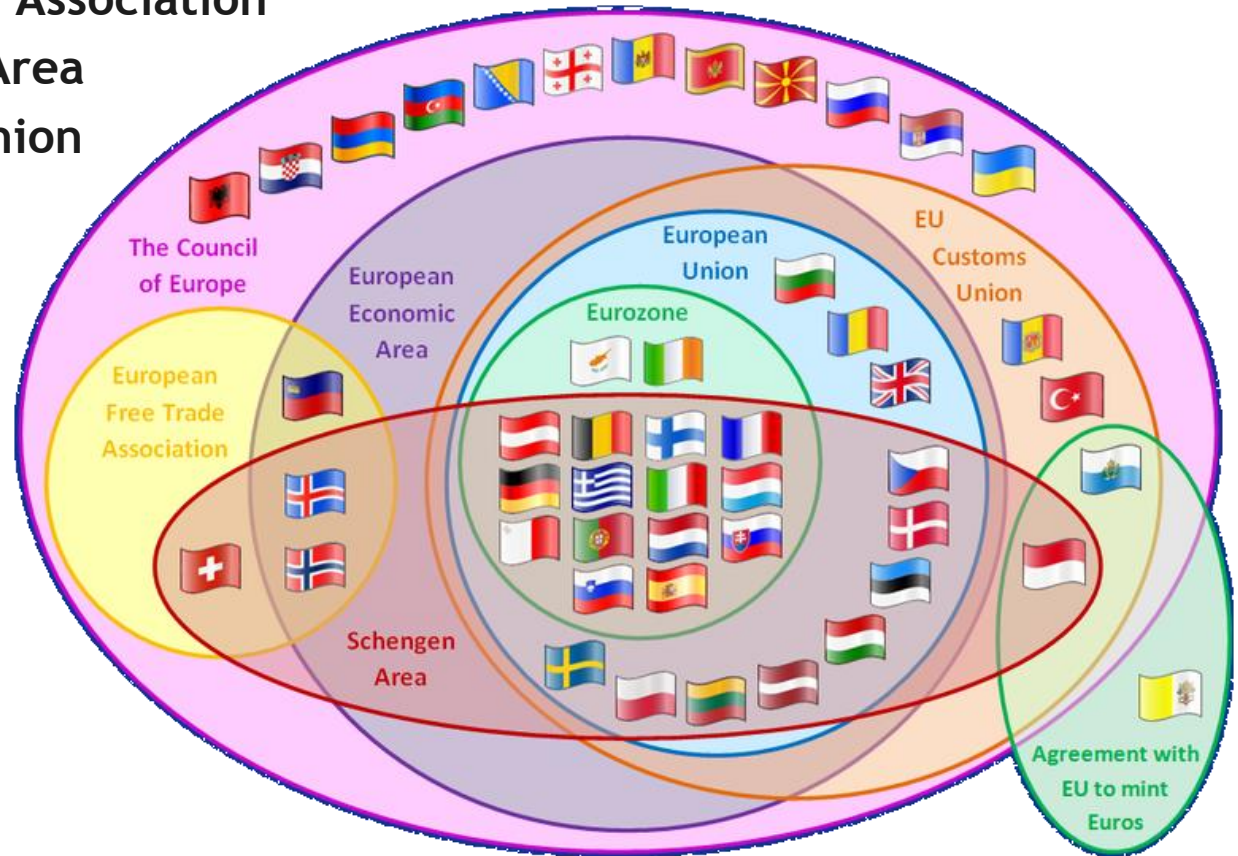
**Banks are loosing
marketshare in
online payments
rapidly**

**And especially in the
high margin
area's....**

Online payments in Europe...

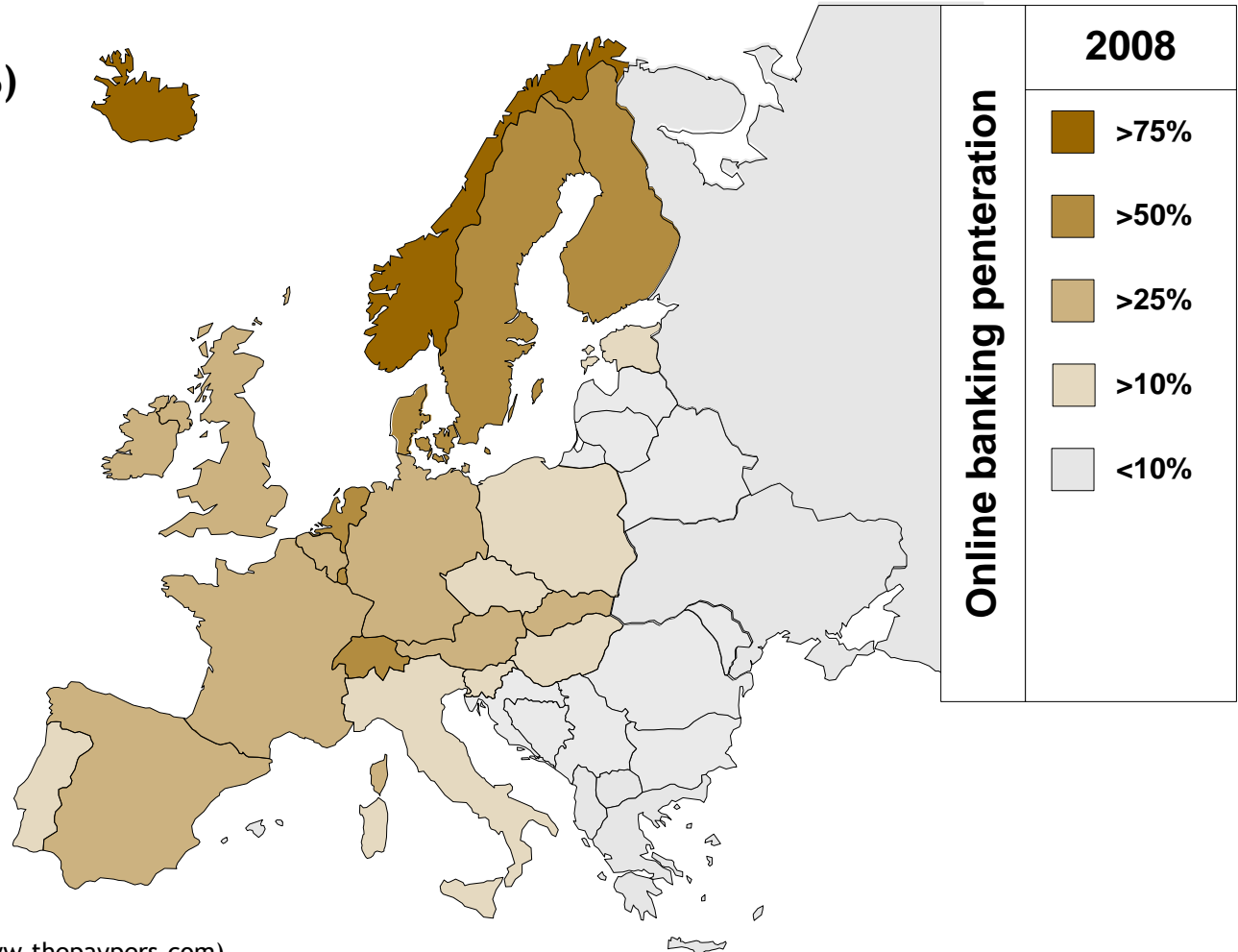
Europe? Which Europe?

- Geographical Europe
- European Free Trade Association
- European Economic Area
- European Customs Union
- European Union
- Schengen Area
- Eurozone
- SEPA
- ...?

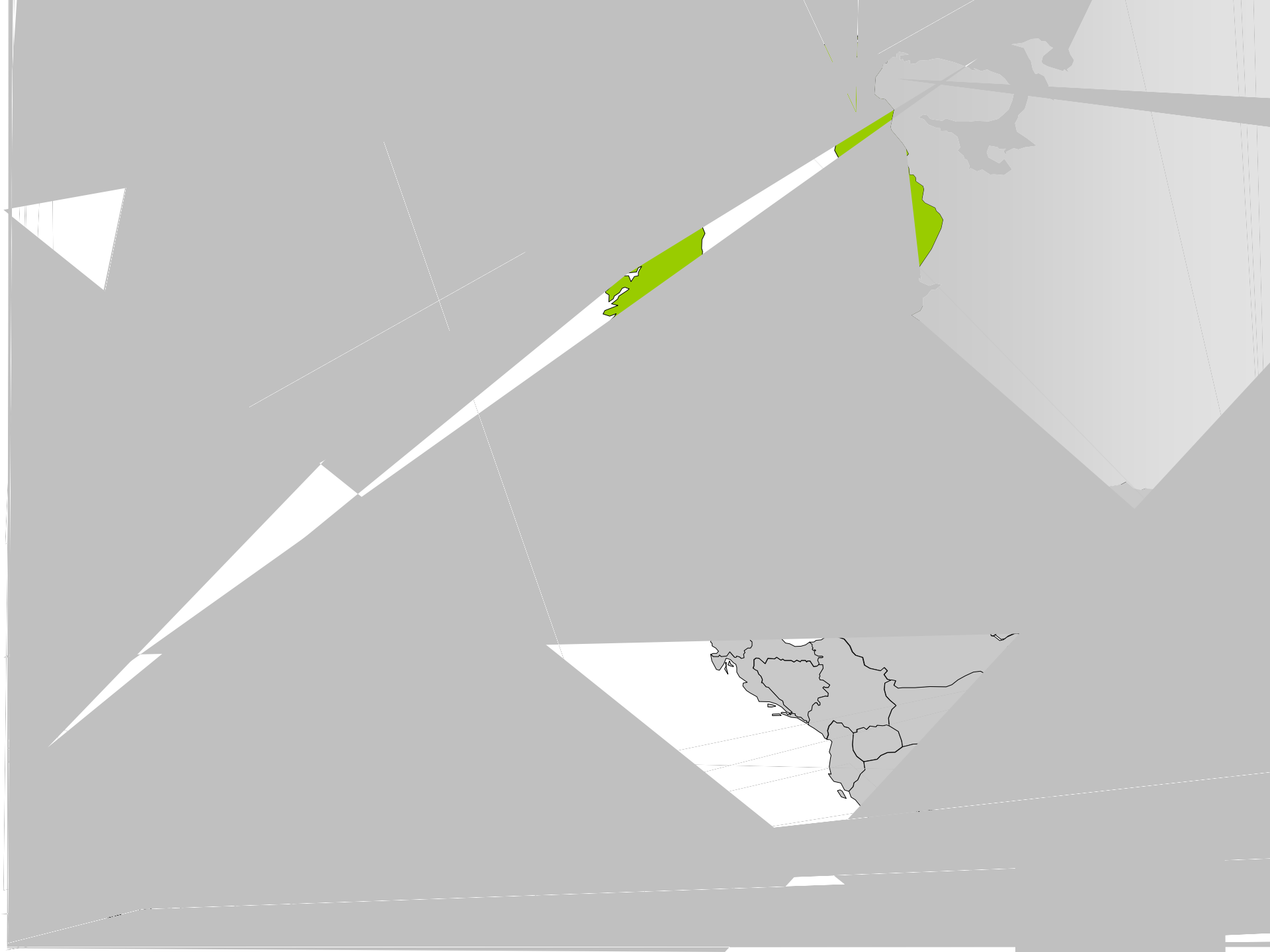


Online banking penetration in Europe

- Smaller markets typically lead (> 50%)
- Main markets still lagging (< 50%)



Source: The Paypers research 2008 (www.thepayers.com)



Interoperability seems a long way

- **ICPNO**

- International Council of Payment Network Operators
- Goal: 1 international online payments network, link existing ones
- Business case?

- **EPC**

- e-Payment e-Operating Model for SEPA e-Payments Framework
- Planned for November 2009!
- National consultation started in February
- No news since then...
- Business case?

**What is going very
fast...**

Social cents for digital stuff

Open for business since Feb 14, 2010

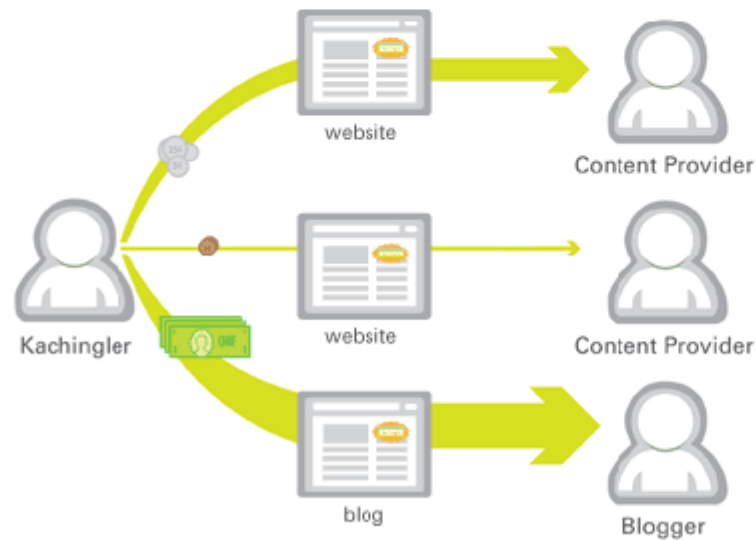
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COUPON: BML310. End Date: 3/15/2010



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Number: 

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Expiration Date:

Simply enter your debit card information at the online checkout.



Bank

Please use your mouse to enter your PIN. The PIN-pad will scramble after each selection.

PIN:

XXXX XXXX XXXX 8794

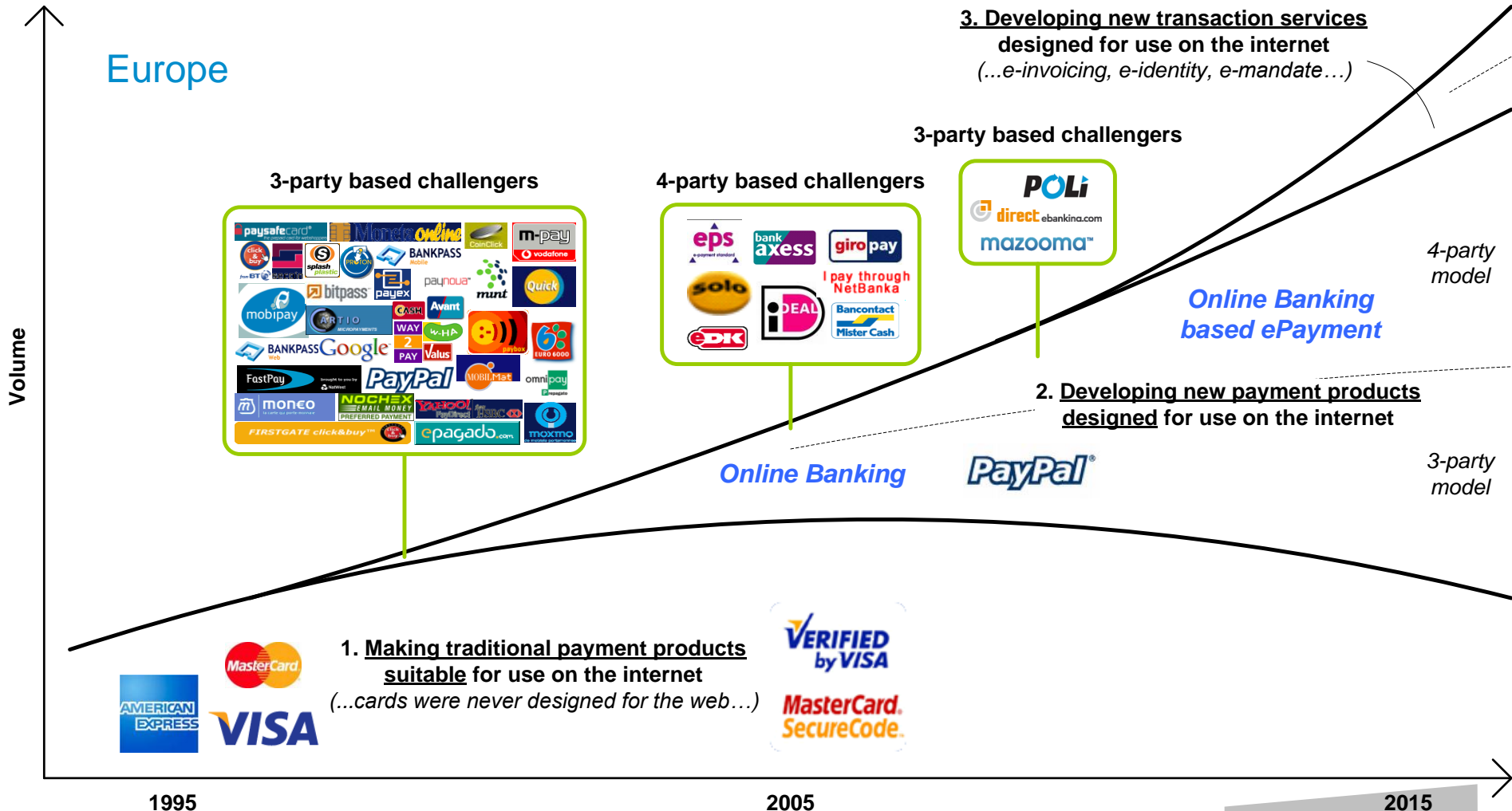
Press to process as credit

1	2	3
4	5	6
7	8	9
0	Clear	









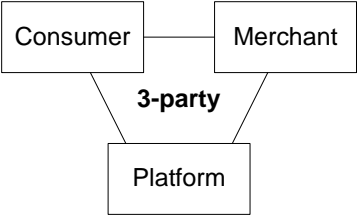
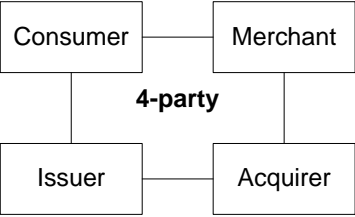


address that isn't listed.

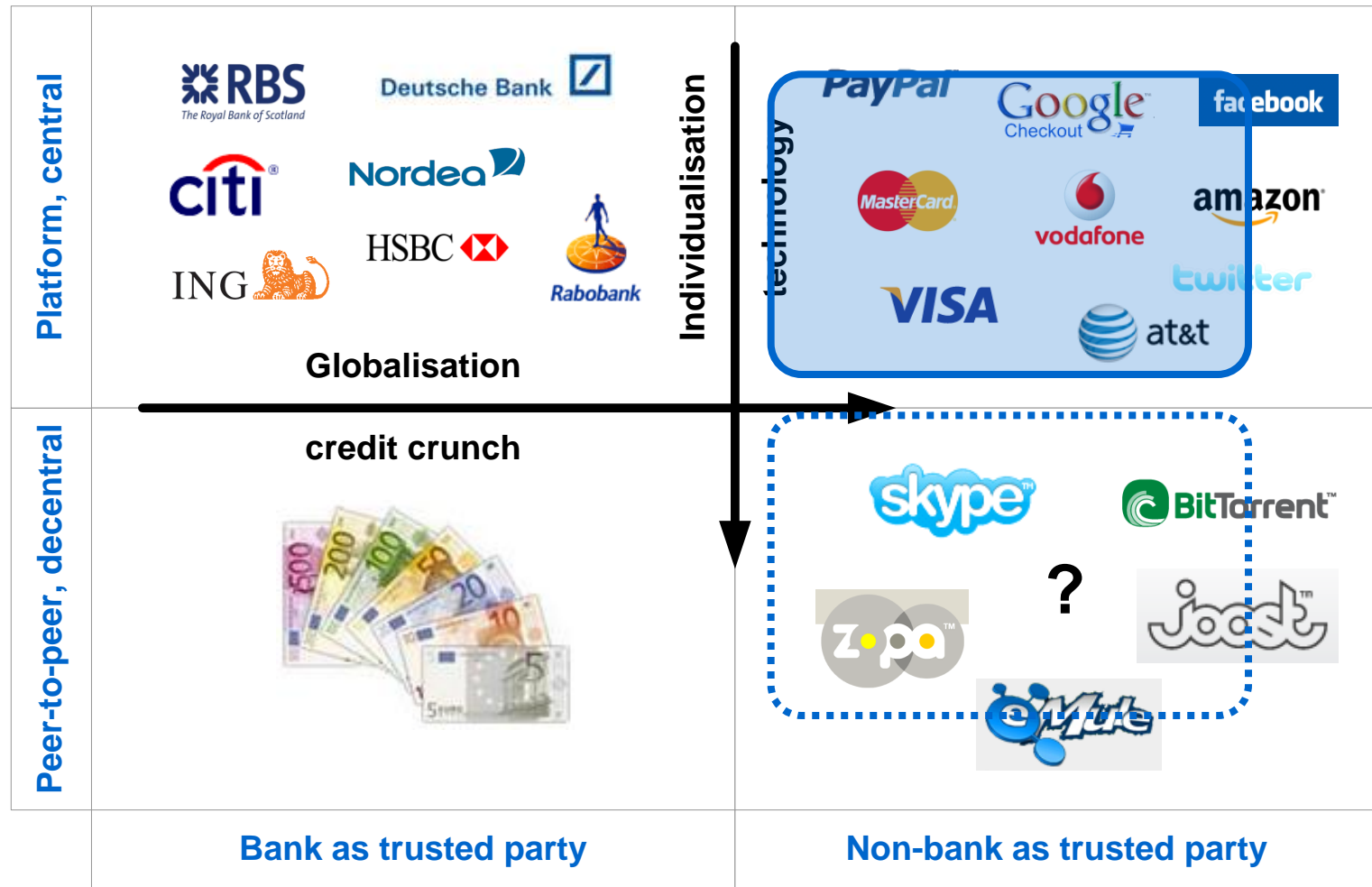
Market evolving fast, new solutions still emerge



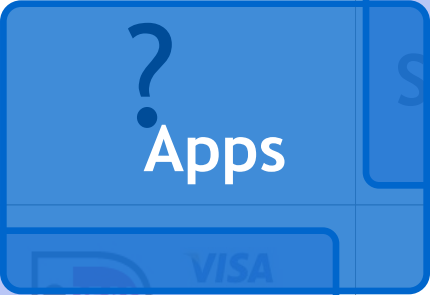





Innovative solutions address needs, create markets

<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Apps</p>				
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Platform</p>				
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Model</p>				
<p style="text-align: center;">Open, API</p>				<p style="text-align: center;">Closed</p>

Banks best positioned for (e)payment services?



New entrants take position. Banks slow to respond

	Online	Mobile	Cards
Micro < € 10	 <p>Apps</p>	 <p>MNOs</p>	 <p>SCF (Banks)</p>
Macro > € 10	 <p>Banks</p> <p>Direct debit, credit transfer</p>	 <p>?</p>	 <p>SCF (Banks)</p>

- Shown: current situation in NL

What about Payment Service Providers? (PSP's)

PSPs in Europe: fragmented



Typical PSP proposition: e-commerce focused

- **Proposition is wide, can be purchased in components:**
 - **Check out:** presentation and selection of payment methods and entry of customer specific information (numbers, name/address, delivery, billing,...)
 - **Processing:** process the transactions to/from acquirers/networks/platforms
 - **Information:** provide merchant with status information and reports
 - **Collection, pay out:** merchant receives pay out for batch of transactions in single aggregated payment
 - **Reconciliation:** provide transaction/remittance information with aggregated payments
 - **Fraud prevention:** exclude high risk transactions beforehand
- **Not yet:**
 - Billing, Invoicing
 - Debtor, credit management
 - Factoring, financing

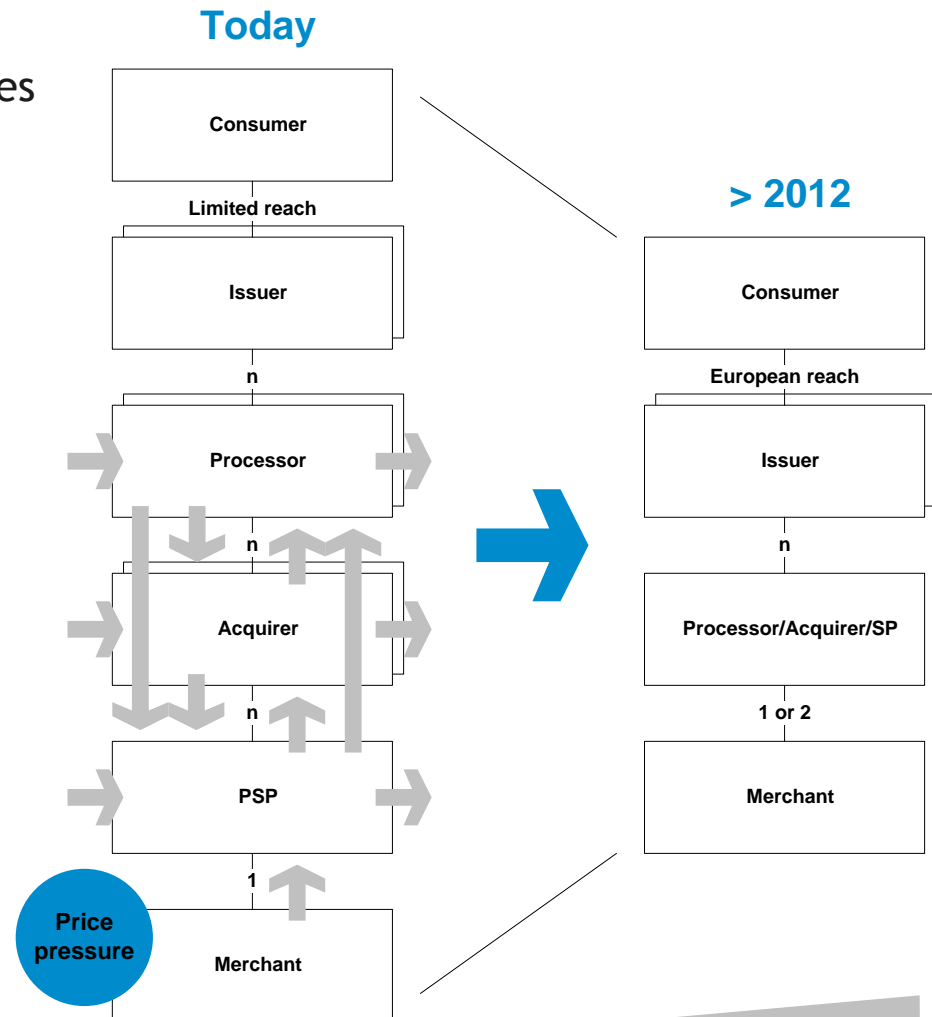
Market trends

- **Market for e-payments still growing**
 - E-merchant volume is increasing
 - Increasing use of e-channels by ‘brick & mortar’ businesses
 - New services being developed (e.g. e-Invoicing)
- **E-channel key differentiator in harmonised payment landscape**
 - SEPA harmonisation of payment instruments to come to effect
 - Key differentiator for banks/providers will be e-channels: transaction + information
 - More e-payment methods
- **Increasing effort to create integrated supply chains**
 - Business efforts: TWIST, RosettaNet, UN/CEFACT, etc
 - Financial Industry efforts: SEPA, UNIFI/ISO20022, etc

Current dynamics in payment value chain

- **Consolidation of volume**
 - Payment infrastructure commoditizes
 - Volume is key
- **Disintermediation of chain**
 - Less value in the chain
 - Volume is key
- **Convergence of services**
 - PSP, BSP, APSP, Acquiring and WHS
 - Offline and Online
- **Value add and full service are key**
 - Effects of PSD

→ **Scale or differentiation is key!**



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My conclusions

- No, for the high volume
- Yes, for the high margin

- Huge increase of payment apps to be expected
- Who wil provide the platform? Paypal is very well positioned
- Banks slow to respond
- PSP's becoming full service payment institutions
- Businesses will look for 1 payment provider
 - (Combined PSP, BSP, APSP, Acquiring and WHS across Europe)
 - Driven by PSD

- Scale or differentiation is key!



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Thank you

For your attention

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tomorrow's transactions today