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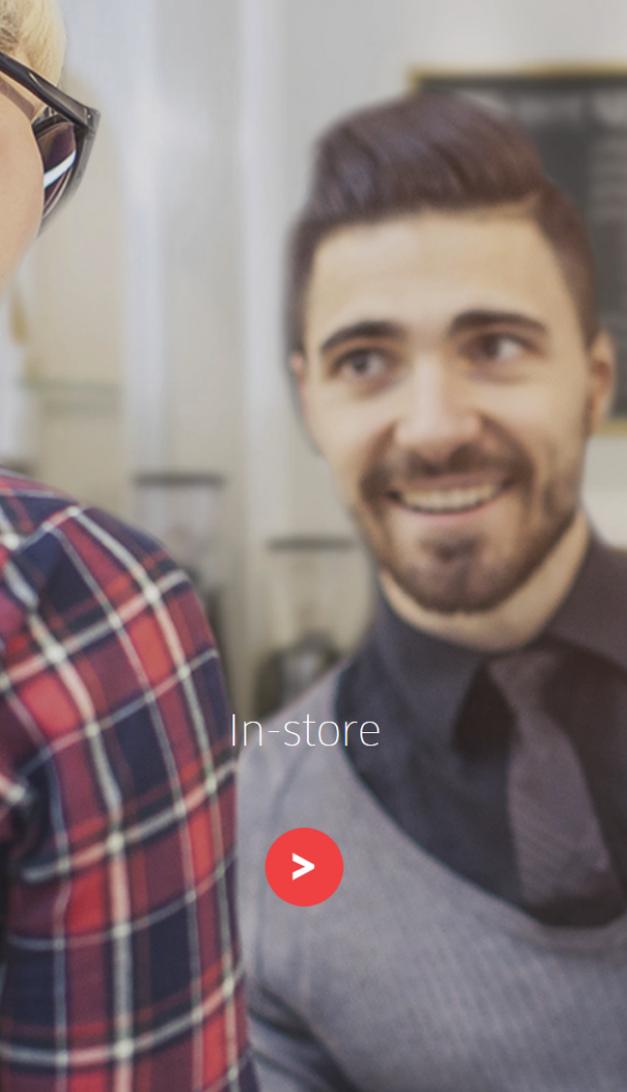
Cross-channel payment solutions

ABI CARTE 2015, ROMA, 5 NOVEMBRE 2015

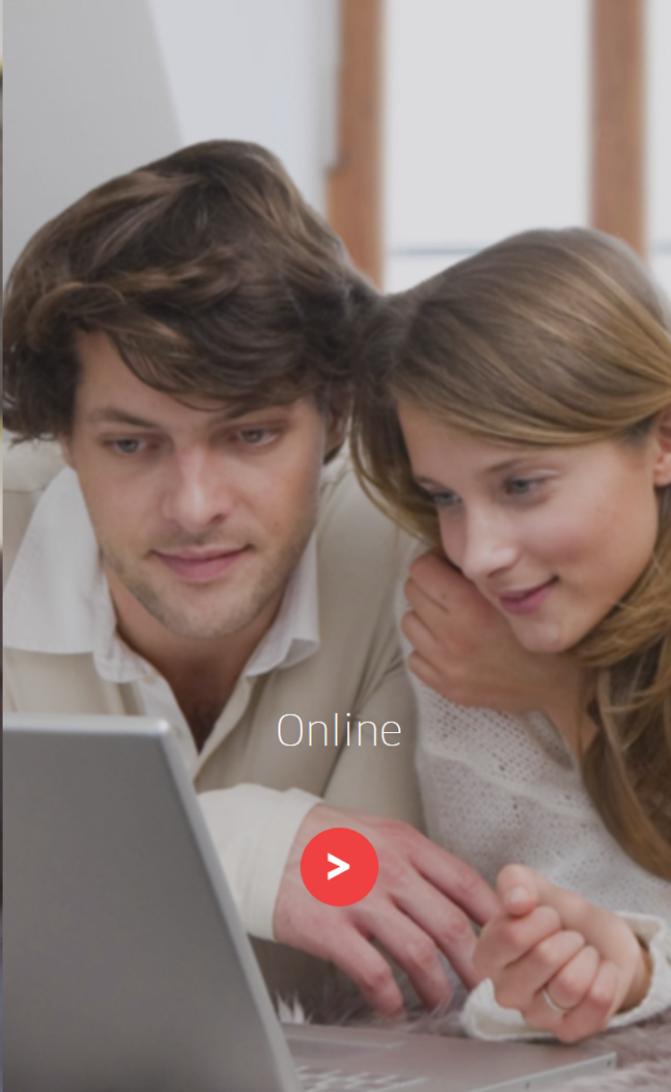
VINCENZO ROMEO –EASTERN EUROPE & AFRICA INNOVATION DIRECTOR



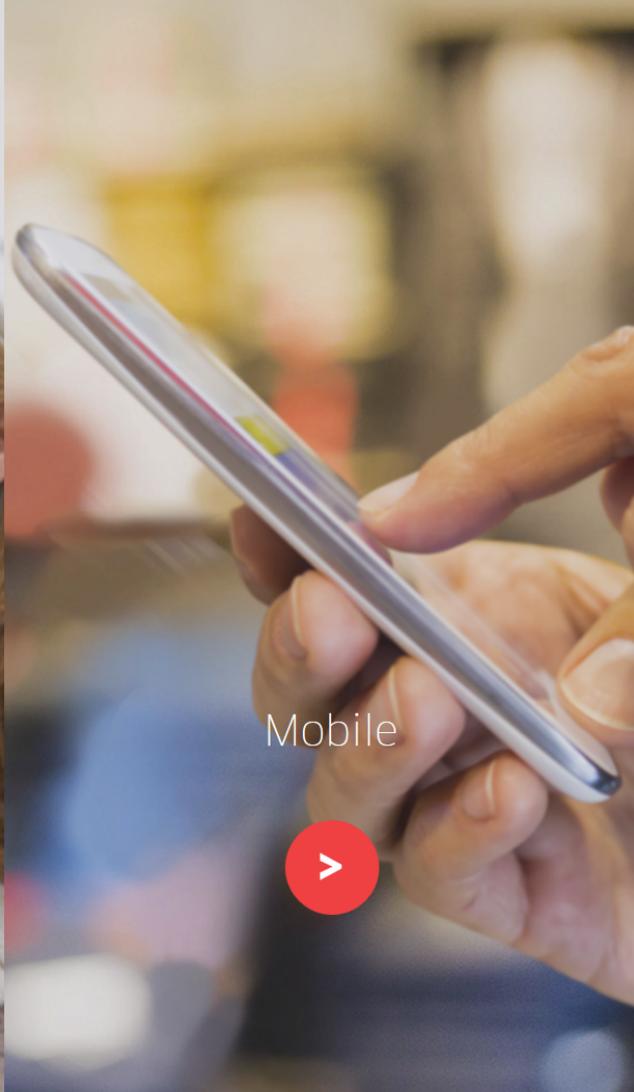
The need for
cross-channel
payment
solutions



In-store



Online



Mobile



Consumers have more power than ever

Consumer behavior driving evolution to cross-channel

Where I want

91% of consumers get goods information online (food excluded) before buying in store

50% of consumers would like to be offered click & collect (*)

When I want

41% of click & collect consumers want to collect within 1 hour (*)

30% cart abandonment due to long waiting lines at checkout (**)

How I want

74% of consumers would like in-store unavailable products be shipped to their home (*)

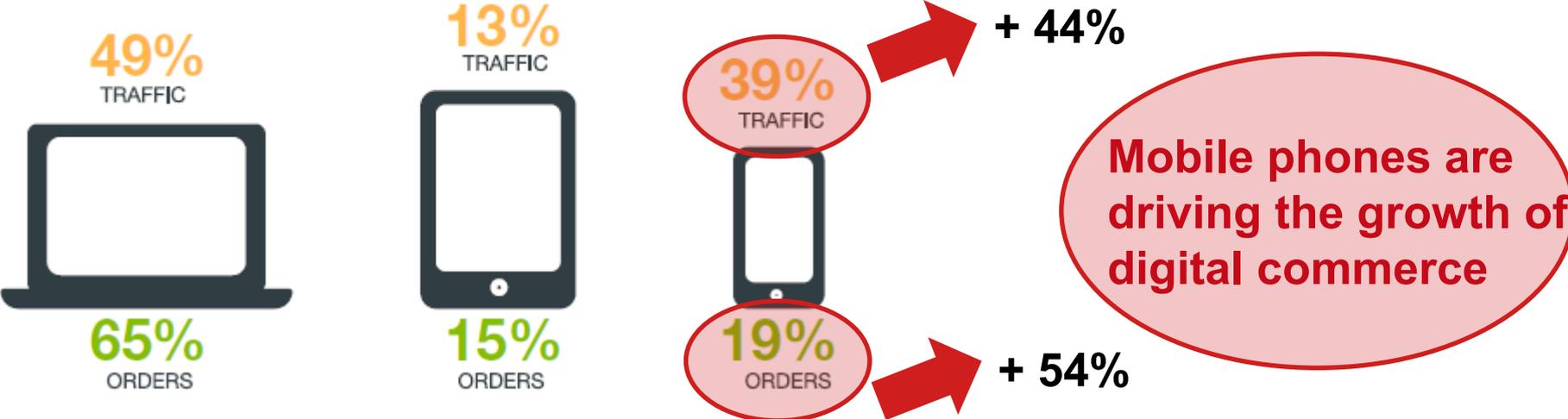
50% of consumers use mobile or tablet in store (**)

In trust

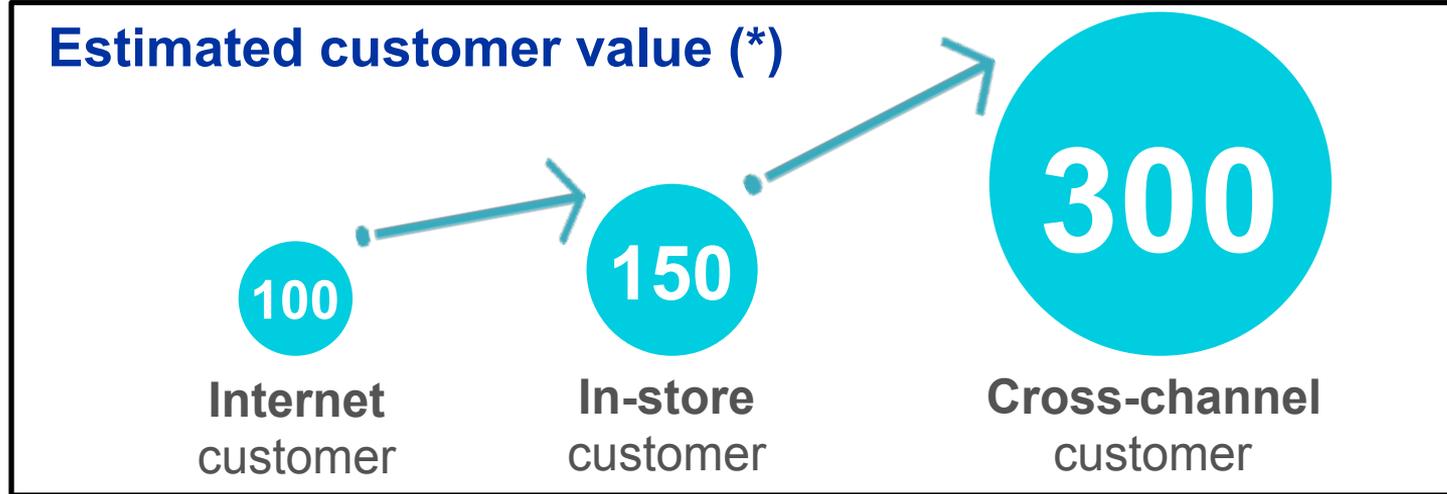
90% of consumers prefer card payment at checkout (*)

38% of consumers check retailer's return policy before ordering (***)

Cross-device shopping: traffic and order share (*)



The need for cross-channel solutions



Tracking customers across channels is key

11%

of loyalty programs provide rewards based on customer purchase history(**)

>90%

Customers may be analyzed thanks to the **Cross-channel card token**

The merchant expectations (*)

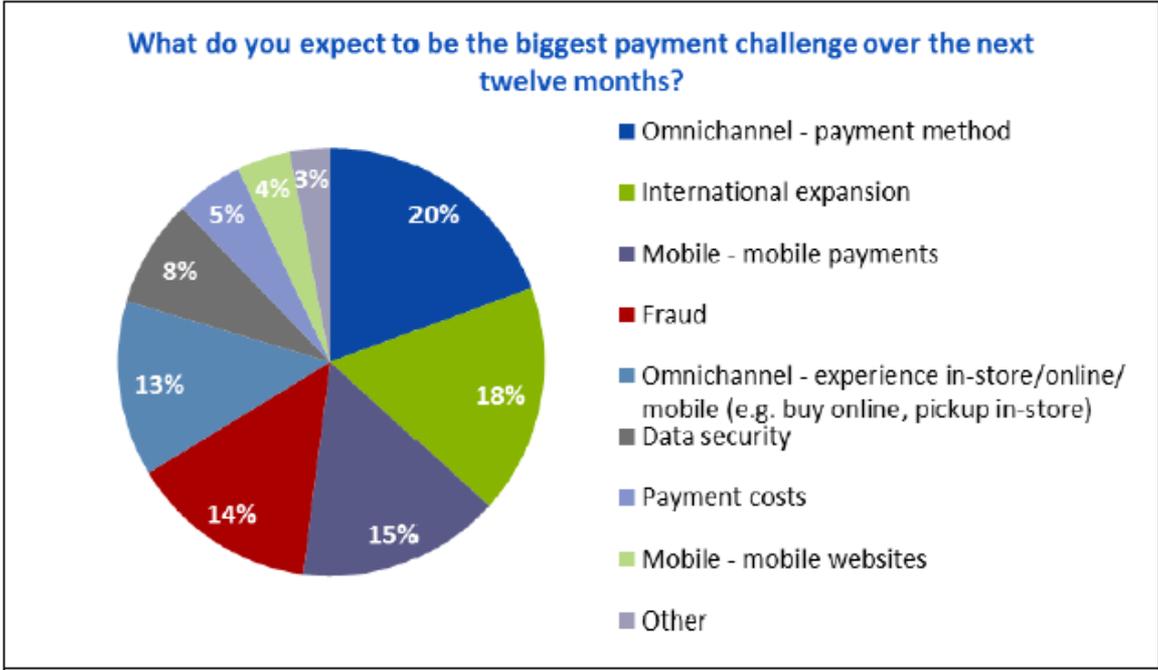


Figure 2: Biggest payment challenge over the next 12 months

Cross-channel : what does it really mean ?

For the merchant :

- Provide same purchase experience whatever the channels
- Provide same payment options for in-store and online payments
- To keep card present and card not present acquiring contracts

For the payment provider :

- To provide CP and CNP acceptance solutions and hide payment complexity to the merchant by providing same interface (Web, web services) for transaction management (ex : refunds)
- Move from a per-transaction model to a comprehensive cross-channel order management
- Manage tokens to match cross-channel customers & payments
- To provide consolidated data to the merchant, combining channels, comparing them, analyzing consumer behavior
- To provide new value-added services based on channel mix (ex : fraud management)

For the customer :

- To be able to pay from anywhere (store, mobile, web)
- With their preferred payment method and same experience across all channels
- Safely

Payments are part of the consumer experience and brand promise



Cross- channel Use Cases

Click & collect – payment over the Web and in-store

- **Pay online and collect at store or reserve online and pay at store**
- **Up-selling**
- **Fast delivery**
- **Merchant benefits of chip&pin, cardholder present payment with a lower merchant fee**



The endless aisle

Customer can order on-line the product not available in the store

Solve the Out-Of-Stock problem: don't miss a sale !

Set-up a client account, registering in secure way the card in the POS terminal for future uses:

- one-click payment functionality (mandatory for m-payments)
- recognize the customer across the channels using a CRM Token
- apply loyalty/rewards programs



Other use cases for a *seamless* payment experience

Cross-channel refunds: Web Refund of any transaction for a fast after-sale process

Cross-channel returns: buy online, return the product in the physical store, creating opportunities for cross-selling and reducing the return frauds

One-click payment experience in a cross-channel environment: capture the card data in the store to recognize the user and provide new services

Offer to the customer their preferred payment methods (traditional card, Apple Pay, wallet...) whatever the currency and sales channel.





Technologies
and standards
for cross-channel
solutions

The POS is not anymore what used to be !

Bring the Internet shopping experience to in-store shopping

Leverage Innovative technologies at the check-out:

- **Mobile POS: buy from the catalog on tablet and no more queues !**
- **User-operated terminals, in-store kiosks**
- **HTML5 and App Store**
- **Beacons/BLE: create a new channel between smartphone and POS**
- **Universal acceptance: new currencies and alternative mobile payment solutions like in-App and P2P payments**

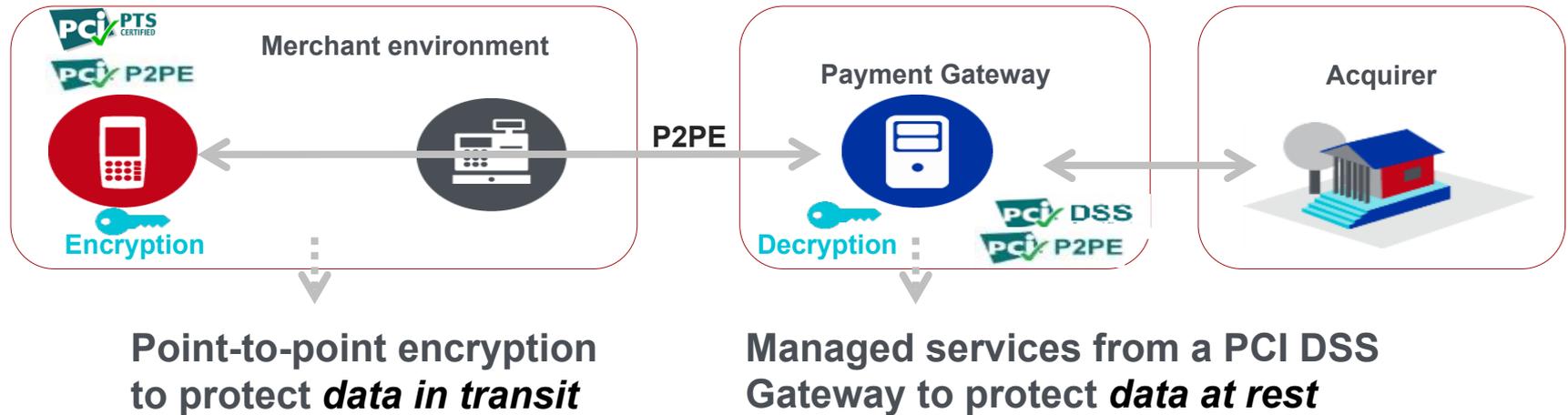
Implement new payment functionalities

- **recurring payments, Pre-authorization and refund in-store of a web transaction, installments**

Support Tokenization: a cross-channel token to better understand consumer behavior



Security – the emerging PCI P2PE standard

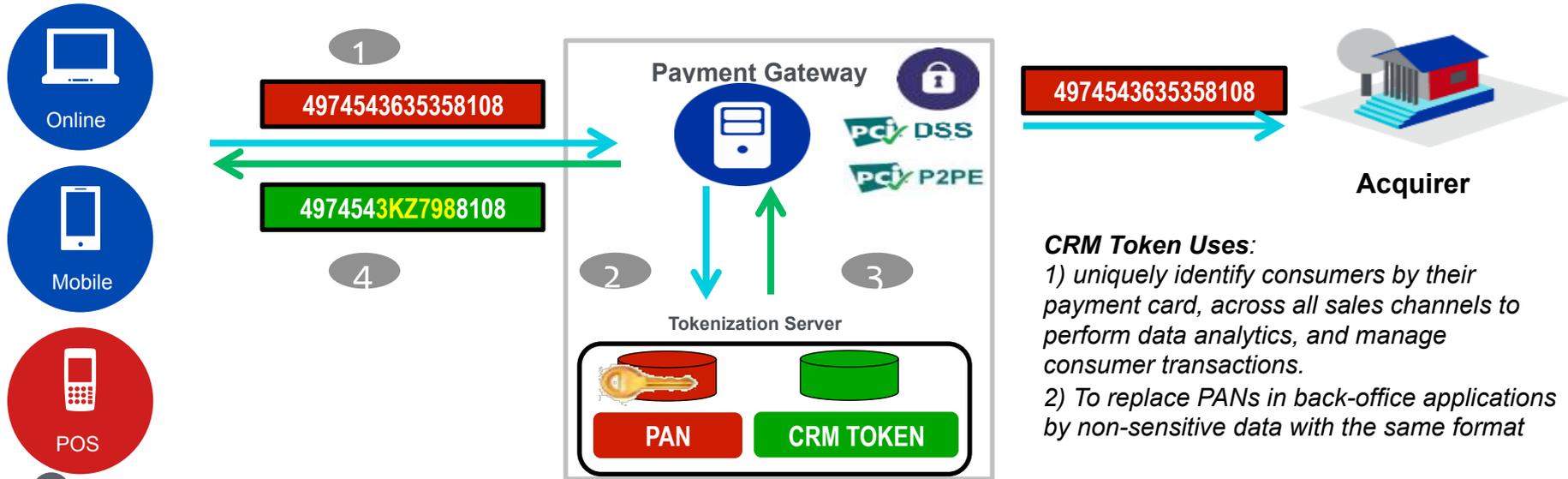


Benefits of a *Full outsourcing of cardholder data with a certified P2PE Solution*

- Protect cardholder data on retailer's network
- Avoid financial costs and protects retailer's brand
- Simplifies PCI DSS certification with reduced costs and lead-time
- Use a Key Injection Facility certified

Security – Token generation process

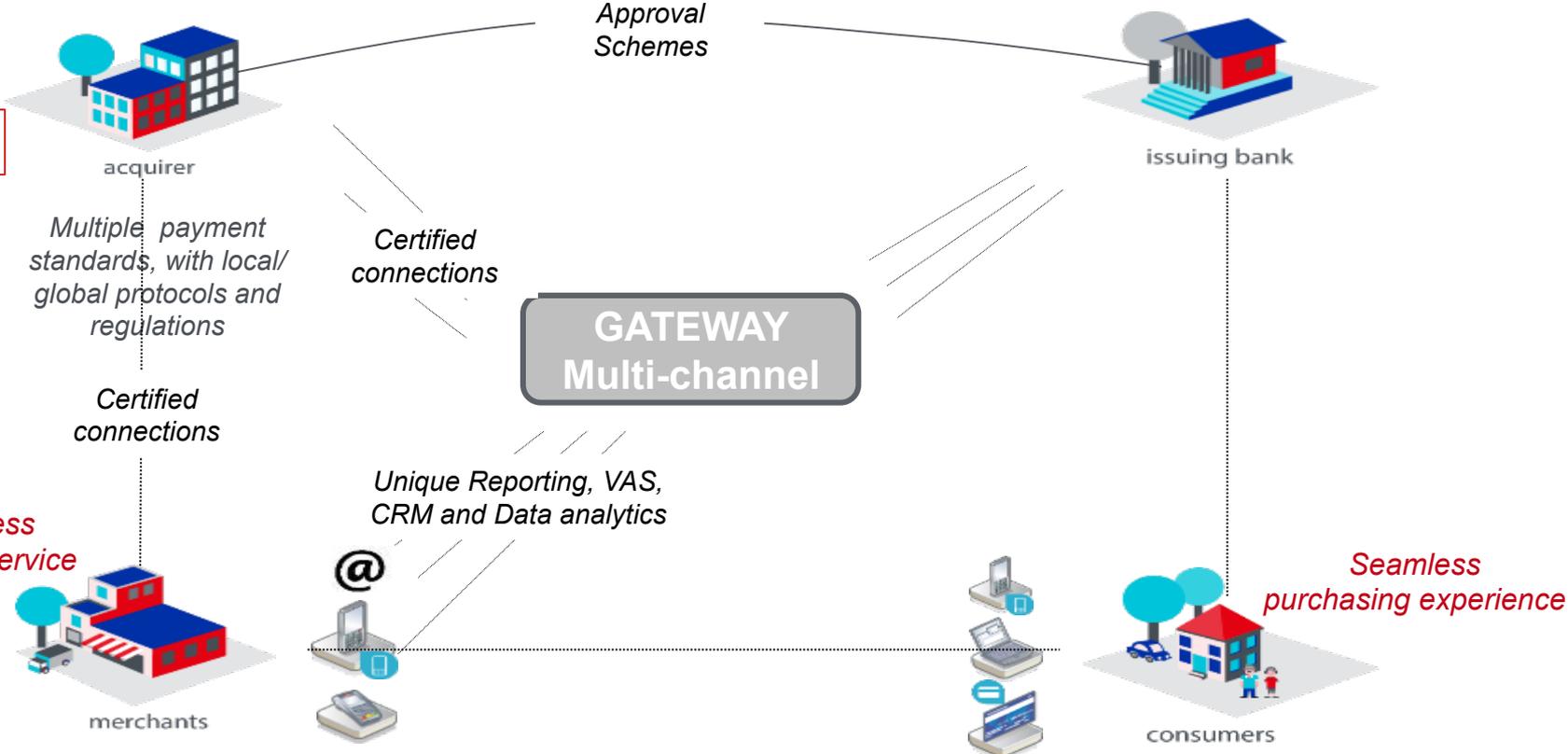
1. Authorization request is for in-store / online transaction is sent with PAN to Payment Gateway
2. PAN is extracted from the transaction and sent to the Tokenization server
3. Random number is generated to create a Token, stored in a vault with the encrypted PAN
4. Token is returned to Payment Gateway and to the merchant with the authorization response



CRM Token Uses:

- 1) uniquely identify consumers by their payment card, across all sales channels to perform data analytics, and manage consumer transactions.
- 2) To replace PANs in back-office applications by non-sensitive data with the same format

Multi-channel central payment gateway



Provide smart, trusted and secure solutions whatever the channel, empowering in-store, online and mobile commerce.



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Thanks!

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