

Payments to grow your world

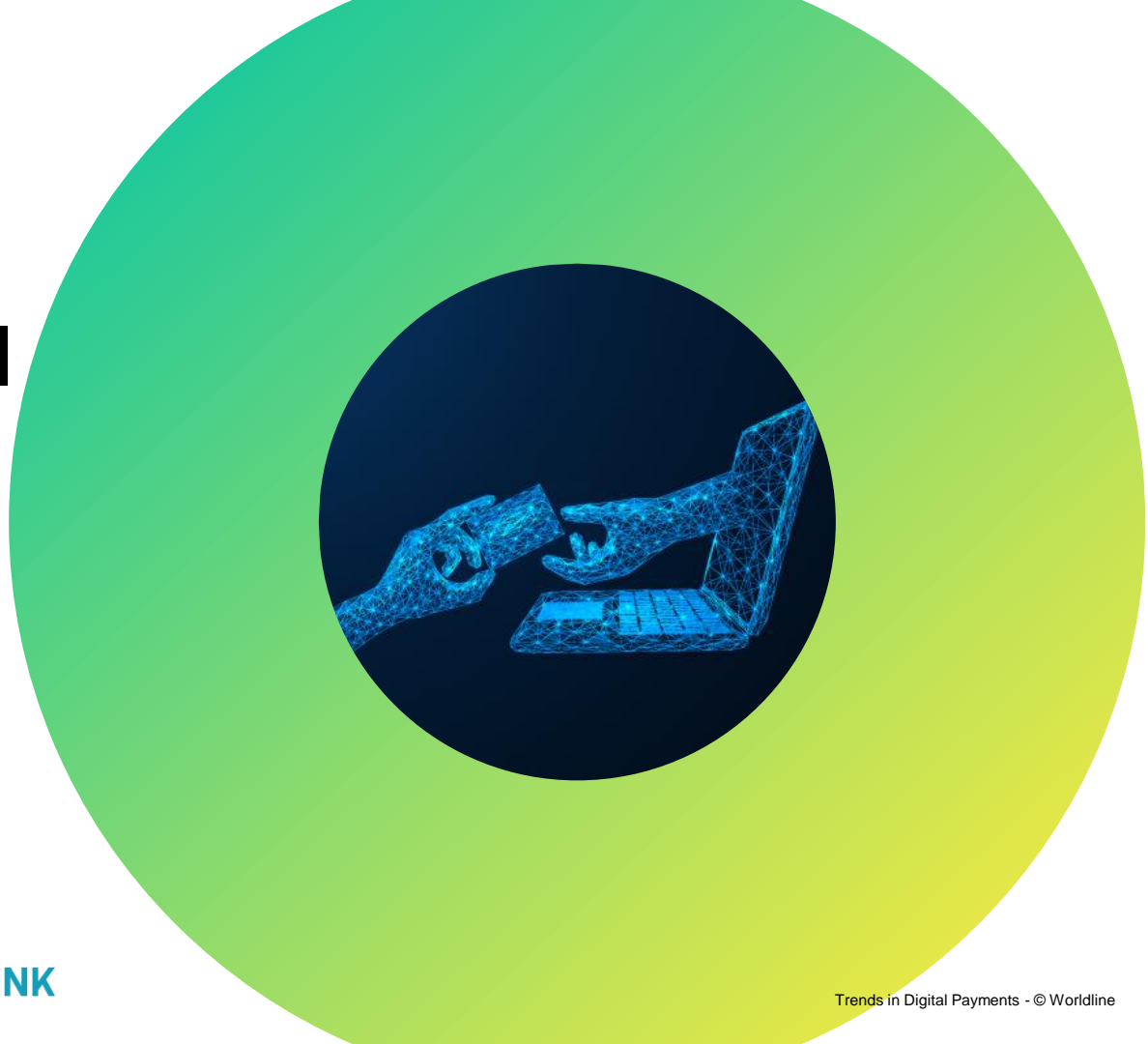
Trends in Digital Payments

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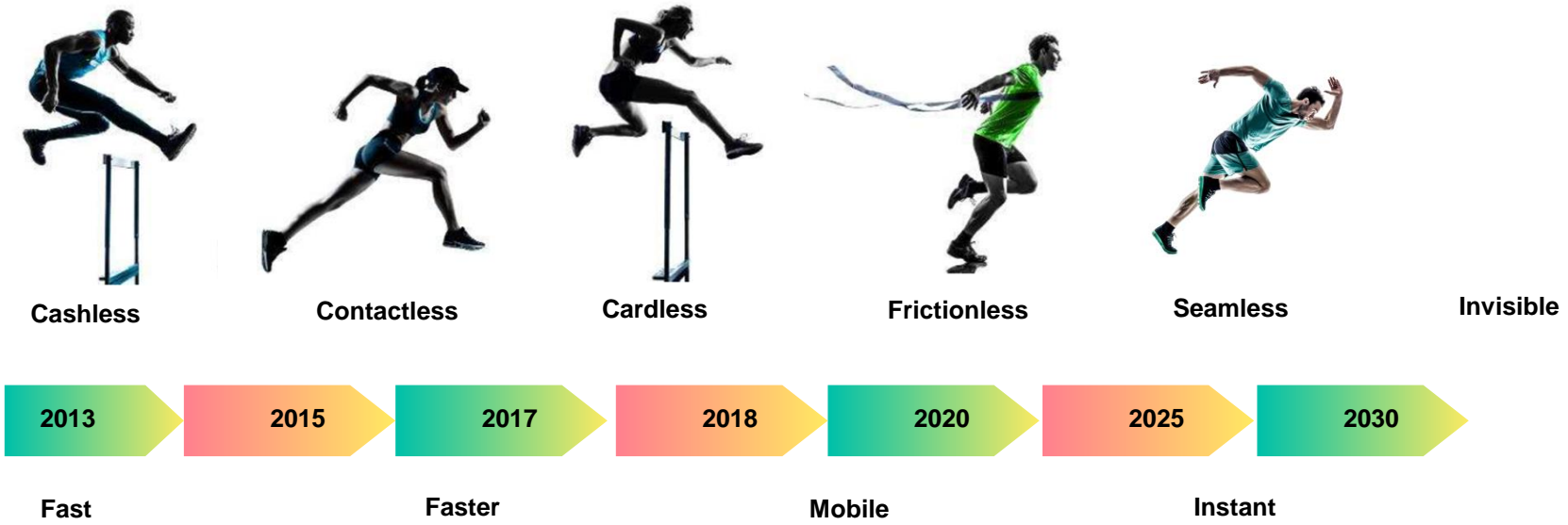
Our lives are dominated by Payments

On multiple rails & methods



The new Payment Paradigm

Acceleration of trend evolution through digitalization powered by new technologies



Market observations

New technologies fueling new use cases

Key trends in the payment market – what we see

- Innovation happens fast
- Mass adoption takes time

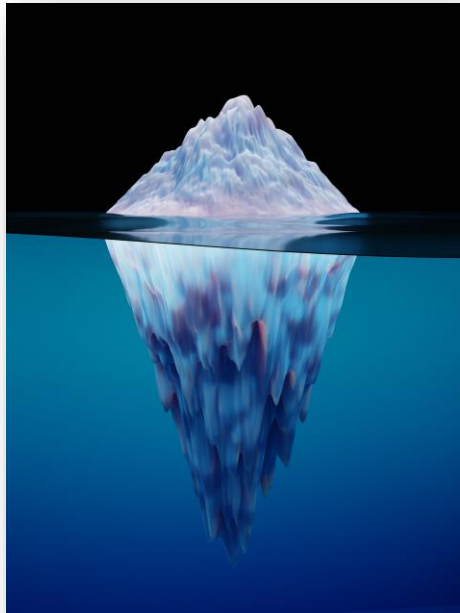
New technologies fueling new use cases

- Current payment methods are evolving
- Many new payment methods are emerging



Navigating the complexities of the digital world

Payment processing is like an iceberg



Consumers & Merchants

SIMPLICITY!

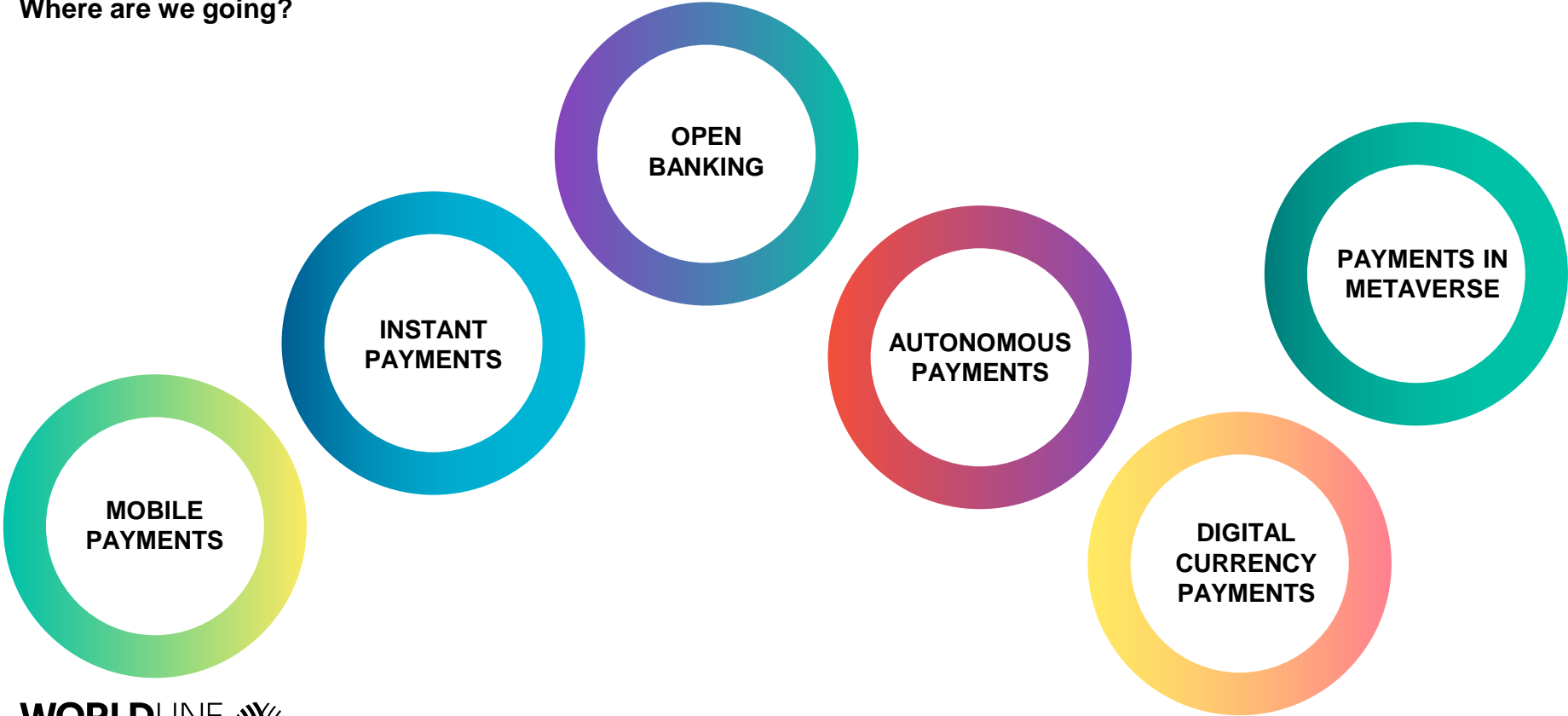


Payment Providers

COMPLEXITY!

The future of payments is actually NOW

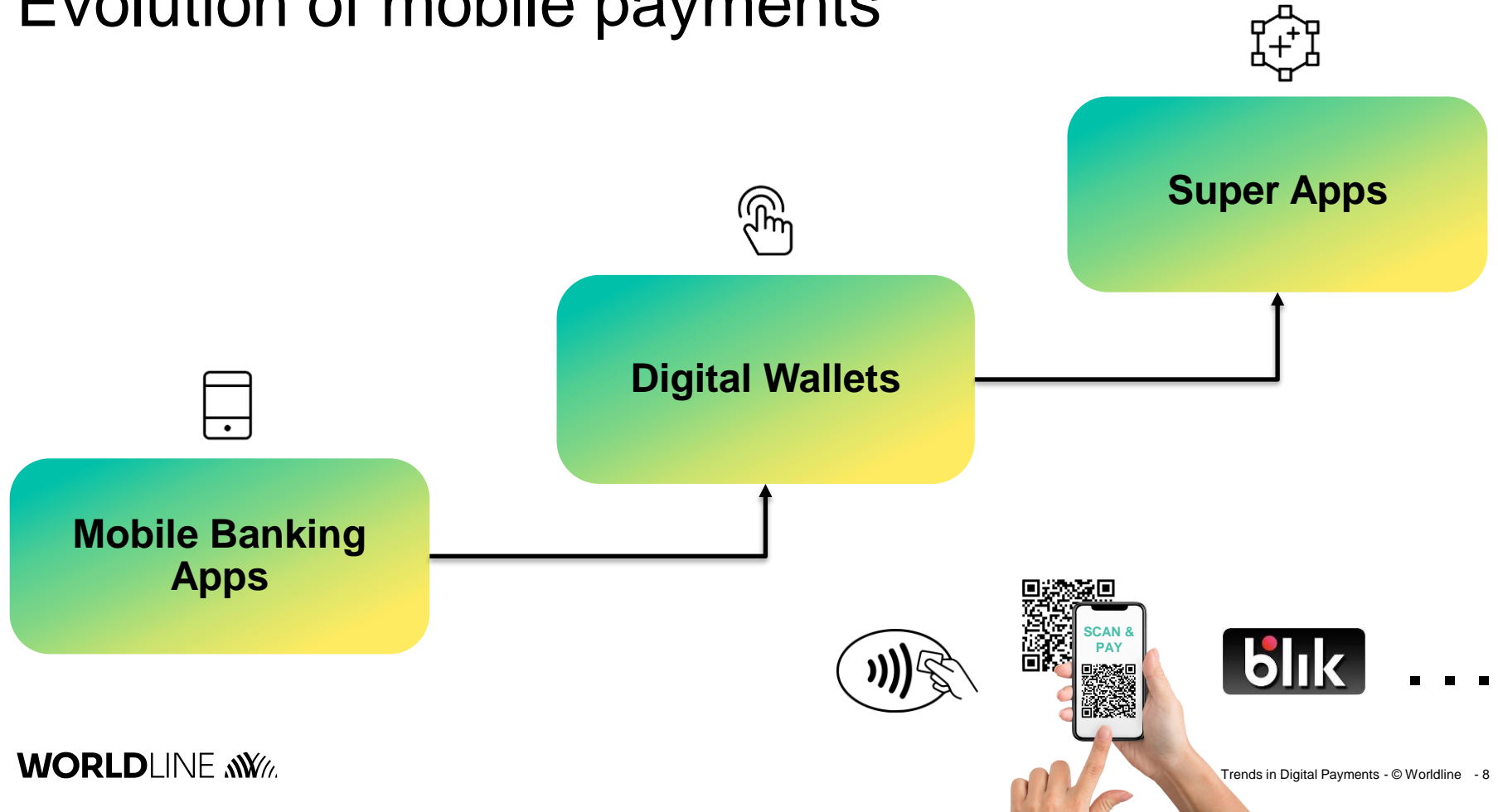
Where are we going?



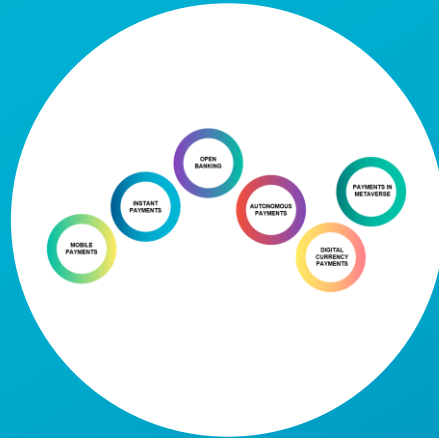
Mobile Payments



Evolution of mobile payments



Instant Payments



Instant Payments



Reasons

1. **Consumer demand:** payments to be fast and easy
2. **Faster settlements:** reducing the time and cost associated with traditional payment methods
3. **Improved security:** protecting sensitive data
4. **Competition:** emergence of new payment service providers
5. **Government regulations:** to modernize the financial system

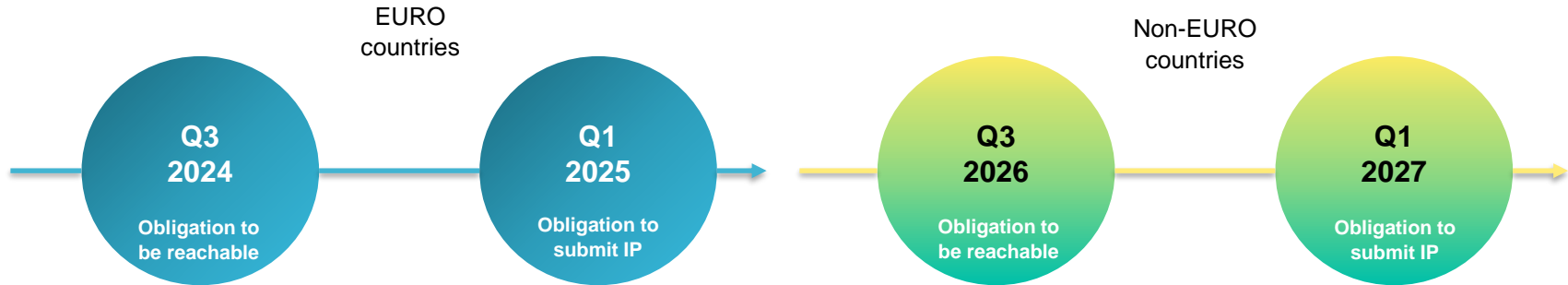


Definition

Instant Payments refer to payment transactions that are completed in real-time, with the funds being transferred almost instantly from the payer's account to the payee's account, typically within seconds.

Legislative Proposal on EUR Instant Payments

Targeting all banks and Payment Service Providers offering credit transfers



Key elements

1. **Mandatory uptake** of instant payments in euro
2. **Affordability** of instant payments in euro
3. **Obligation to verify the match of IBAN** with the name of the beneficiary
4. **Daily sanctions screening** for users as opposed to transaction screening

Open Banking

Payment Initiation Services



Open Banking

Payment Initiation Services



Benefits

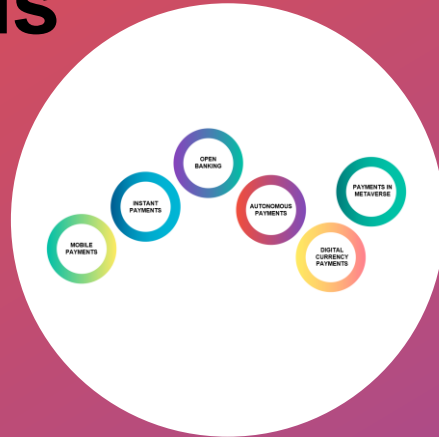
1. **Innovation:** TPPs can create new financial products & services
2. **Increased competition:** new market players (TPPs)
3. **Increased security:** Strong Customer Authentication



Definition

Open Banking is a concept that involves sharing financial data in a secure and standardized way between different financial institutions and third-party providers. It is made possible by application programming interfaces (APIs) that allow different systems to communicate with each other.

Autonomous Payments



Autonomous Payments

An efficient and seamless payment experience



Benefits & Risks/Challenges

1. **Reduced transaction fees, faster processing times, increased security, and convenience** for both consumers and businesses.
2. **The need for robust security measures to protect against fraud and the potential for errors or glitches in the automated systems.**



Definition

Autonomous payments refer to payments that are made automatically without requiring any human intervention. This means that the payment process is entirely automated and is carried out by an authorised virtual payment agent acting on behalf of the consumer.

Autonomous Payments

Some examples

Recurring payments



NETFLIX

LinkedIn

amazon

In-car payments



Micropayments



Digital Currency Payments



Digital Currency Payments

Central Bank Digital Currency



Benefits

1. **Speed of Transaction:** at least as fast as traditional payment methods
2. **Enhanced Efficiency:** reduced need for intermediaries in transactions
3. **Increased Transparency:** monitoring transactions in real-time
4. **Financial Benefits:** the ability to distribute stimulus payments directly to citizens
5. **Reduced Counterparty Risk:** no need for intermediaries
6. **Improved Resilience:** serves as backup for traditional payment



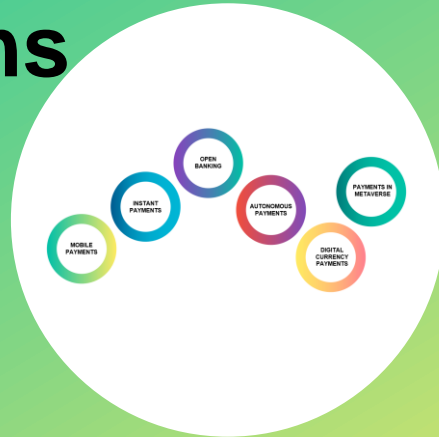
Definition

Central Bank Digital Currency (CDBC) is an electronic form of the central bank money that citizens can use to make digital payments and store value.

Characteristics:

- Purely electronic
- Based in blockchain technology
- Universally accessible
- Peer-to-peer interactions

Conclusions



Conclusions

The future has already started!



Convenience is necessary but not sufficient pre-requisite for digital payment adoption



Wide Acceptance is required for any trend to take off successfully



Perceived benefits and incentives are key to adoption



Technologies must stay **invisible** but **safe and implicitly trusted**



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Thank you