

Evolution of Payments and Transactions in the Retail Space



Panos Chalkias,
CEO, Central, South & Eastern Europe

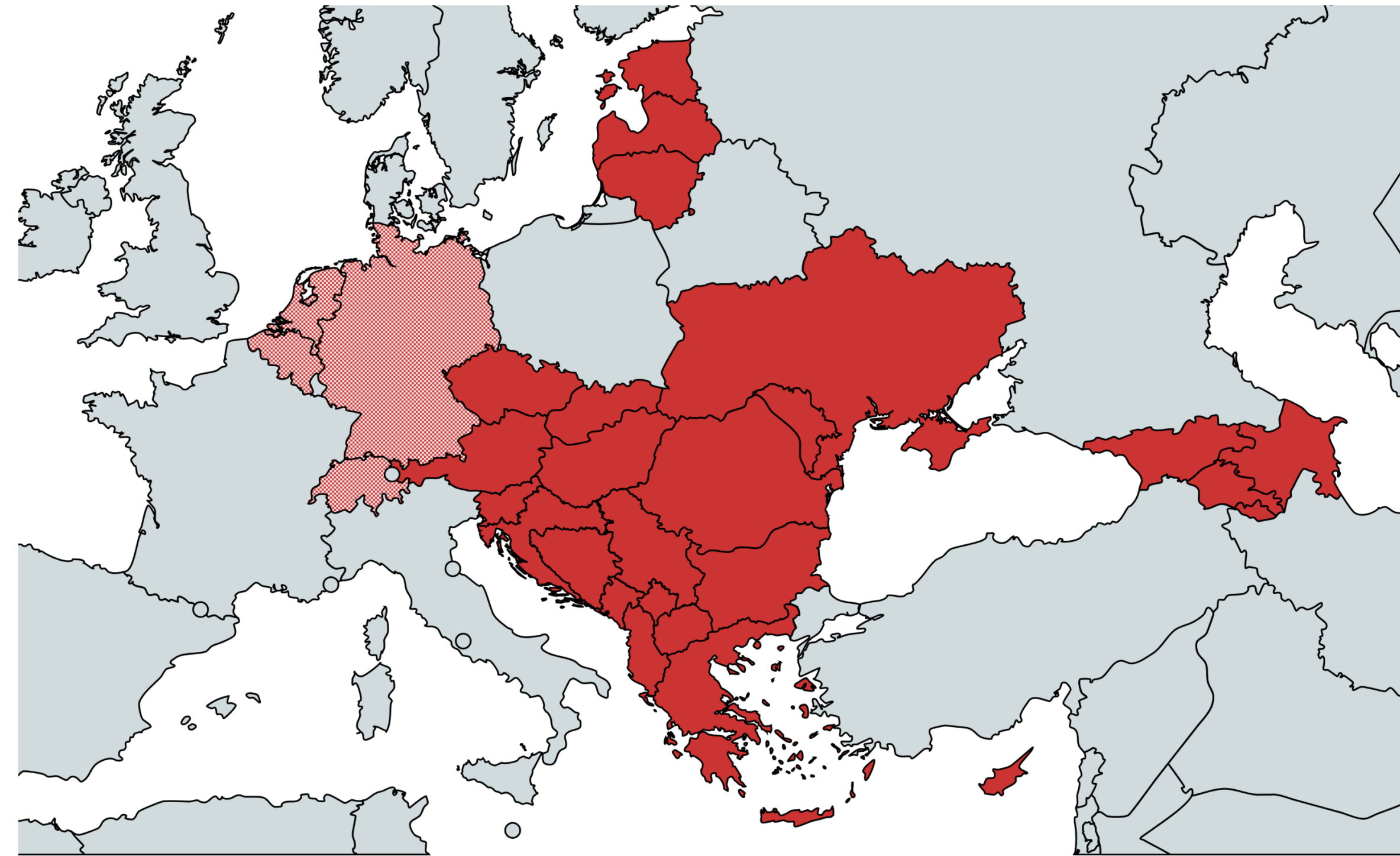
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info@tr-sys.eu | www.tr-sys.eu
H-1095 Budapest, Soroksári út 48| Hungary

www.tr-sys.eu

Transaction Systems

Who we are

- A Budapest/Hungary headquartered provider of
- e-payment solutions across 25+ countries of CSEE
- 20+ yrs of leadership in the e-payments market
- Master Distributor of PAX Technology for CSEE
- More than 1.000.000 POS terminals already deployed
- Offering the entire HW/SW/services value cycle across the region



The payments landscape - **Market trends and “hot topics”**

1. An **identity** crisis
2. The role of **banks** and **acquirers**
3. **EMV** vs **SoftPOS**
4. The “**All-in-one**” challenge
5. The Android (**R**)evolution
6. Things to watch

An identity crisis

- Over the last 10 years, most market participants have tried to redefine their role in the payments ecosystem, to secure a larger slice of the “pie”
 - Acquirers try to expand into PSP offering, adding VA services
 - Vendors try to become acquirers
 - Tech companies try to become payment institutions
 - Etc.
- **Why?**
 - Because Payments is still the biggest part of the Fintech market

This change in “traditional roles” in the industry has initiated a cycle of revision of partnerships and traditional business models, which is still ongoing



The role of banks and acquirers

- In most European markets, banks have stepped out of the payments market in 2 ways:
 - By selling their acquiring business to large Acquirers, or
 - By selling all their merchant business and keeping just the pure acquiring activity
- Large acquirers are facing the challenge of new types of competition:
 - Neobanks
 - Fintechs
 - Device vendors stepping into PSP and acquiring offerings
- The unclear intentions and timelines of the schemes around direct acquiring services makes navigation even more challenging....
- The expected introduction and growth of A2A transfers and instant payments adds another “unknown” to the future outlook of the industry

EMV vs SoftPOS

- A theoretical dilemma, generated mainly by the SW restrictions of the EMV rulebook
- Market needs a “payment device” form factor, no matter what SW is used to run it
- The SoftPOS vs EMV debate is an industry-internal topic: has no effect on merchants or consumers
- SoftPOS – in theory – opens the door to any HW becoming payment HW
- But real-world experience shows we are far from this stage today
 - Compatibility issues
 - Integration issues
 - CVM variables
 - Lifecycle management issues
 - Support bandwidth
- **PCI 7.x will probably bring this discussion to a pause**

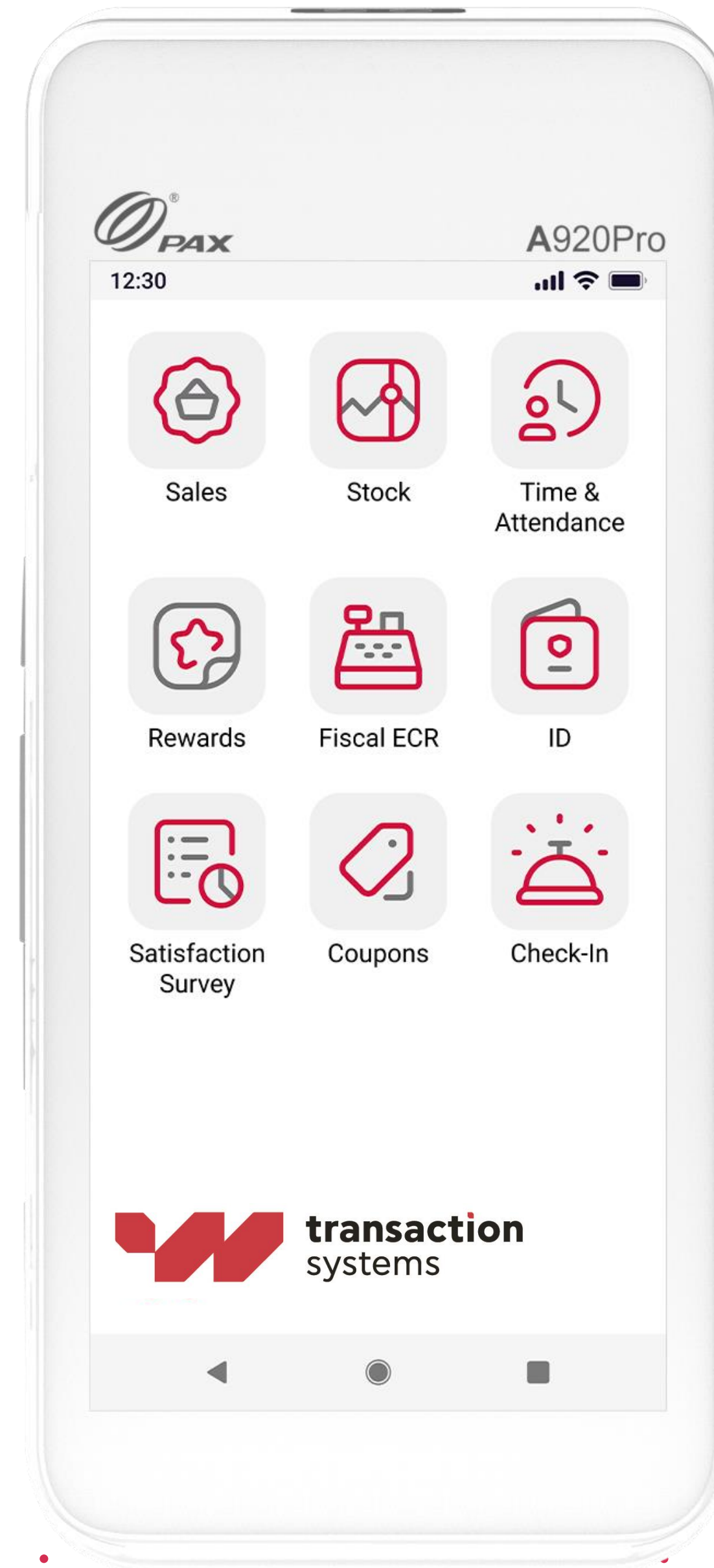
The “All-in-one” challenge

- A common topic across almost all European markets
 - How to have 1 device covering all transaction needs of the merchant / retailer
 - In essence, this is bundling ECR, payment and fiscal functions into one set of HW and SW
- 2 ways to go about it:
 - Build payment SW inside all types of retailer HW (ECR, kiosk, PC, tablets, phones etc), or
 - Use payment HW that can also accommodate all other merchant requirements in terms of functionality and form factor
- We believe we are in the process of moving from POS to POI (Point of Interaction)



What is a “Point of Interaction”?

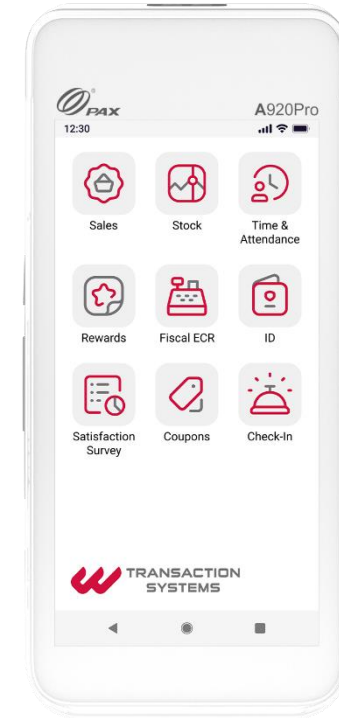
A device that allows customers to perform way more than just a payment transaction at the POS device



Defining POI (Point of Interaction)

- **Multiple transactions:**

- Payment
- Loyalty
- Ordering
- Fiscal etc etc



- **Multiple device from factors**

- POS terminal
- ECR
- Kiosk
- Tablet etc



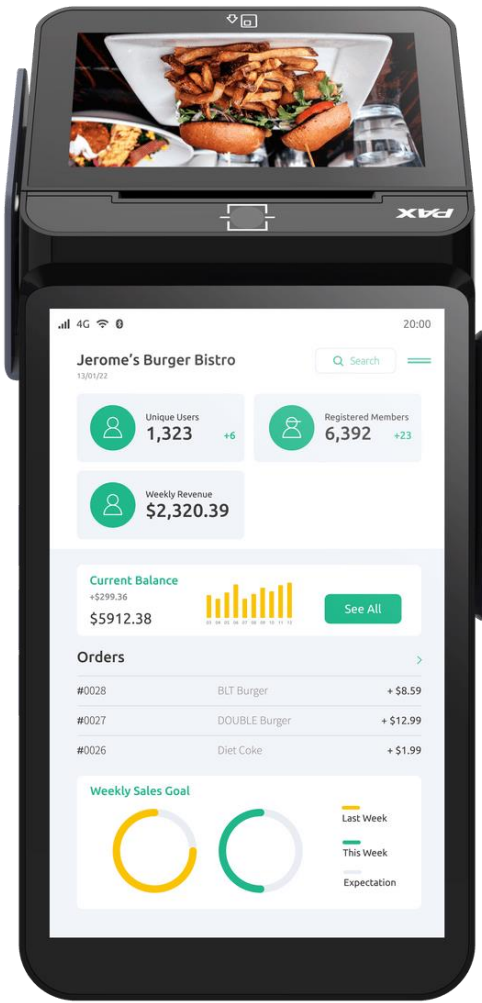
- **Advanced back-office platform**

- TMS +
- App marketplace
- Messaging
- Real-time monitoring
- Remote access etc



- **Customer engagement**

- Second screen
- Customer input
- Multiple media for interaction



- **Interaction between acquirer to merchant**

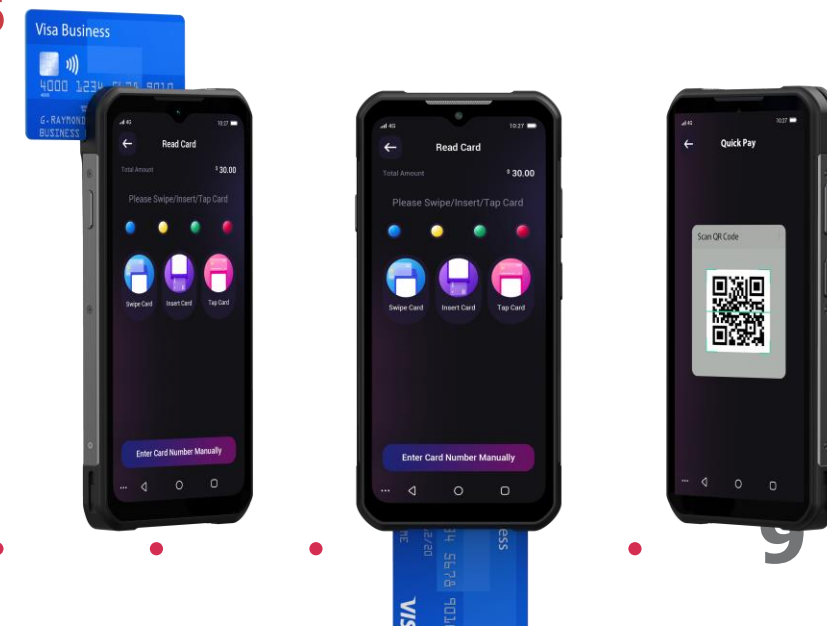
- Reports and statistics
- Messaging
- Streamlined troubleshooting

- **Adjusted to merchant's needs in terms of**

- Form factor
- Cost
- Interface

- **Addressing all types of payments**

- EMV PCI and/or SoftPOS
- All issuers
- Wallets
- P2P and instant payments
- QR payments



The Android (R)evolution



What if all you need in the counter is a POS terminal?

- ⌘ Running payments, but also ERP and ePOS, loyalty, fiscal, store management etc. on a single device
- ⌘ With thousands of merchant-oriented apps to choose from
 - Selling & Transaction Processing
 - Customer Engagement, Retention & Rewards
 - Ticketing & Validation
 - Access Control & Monitoring
 - Healthcare Services
 - Booking & Scheduling
 - Device Management, Logistical Services, and Analytics
- ⌘ With one-click addition or deletion of apps
- ⌘ With seamless interfacing to other systems



And what if the “POS terminal” can be several different devices and form factors?

- ECR
- Kiosk
- PDA
- Payphone/SmartPhone
- PayTablet
- Signature pad



Things to watch – features and innovations



- **Pure-Android GMS payment devices**



- **SmartER Retail PinPads**



- **CFD – Customer Facing Displays on POS devices**



- **PCI PTS 7.x**



- **NFC Card Emulation – NFC Tag**



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Thank you

Contact Us

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