

# E-Commerce payment trends

**Petr Polak**  
**Senior Sales Manager**  
**Czech Republic and Slovakia**



# Visa Europe – European Payment System

## Now

- **Representation-** We are the European payment system, wholly owned, controlled, and operated by our members – banks and other payment service providers, from 37 countries across Europe
- **Approach to Regulation-** based on cooperation, long term sustainability of the system

## Future

- Visa Europe and Visa Inc. announced today their intention to create a single Visa. The Boards of both companies have been unanimous in their support of the deal, which values Visa Europe at **€16.5 billion**, with the potential for an additional earn out of up to **€4.7 billion**, for a total value up to **€21.2 billion**.

**One VISA**

The Czech & Slovak online markets are expected to grow at 10% p.a. – faster than in-store retail

- **Key drivers**

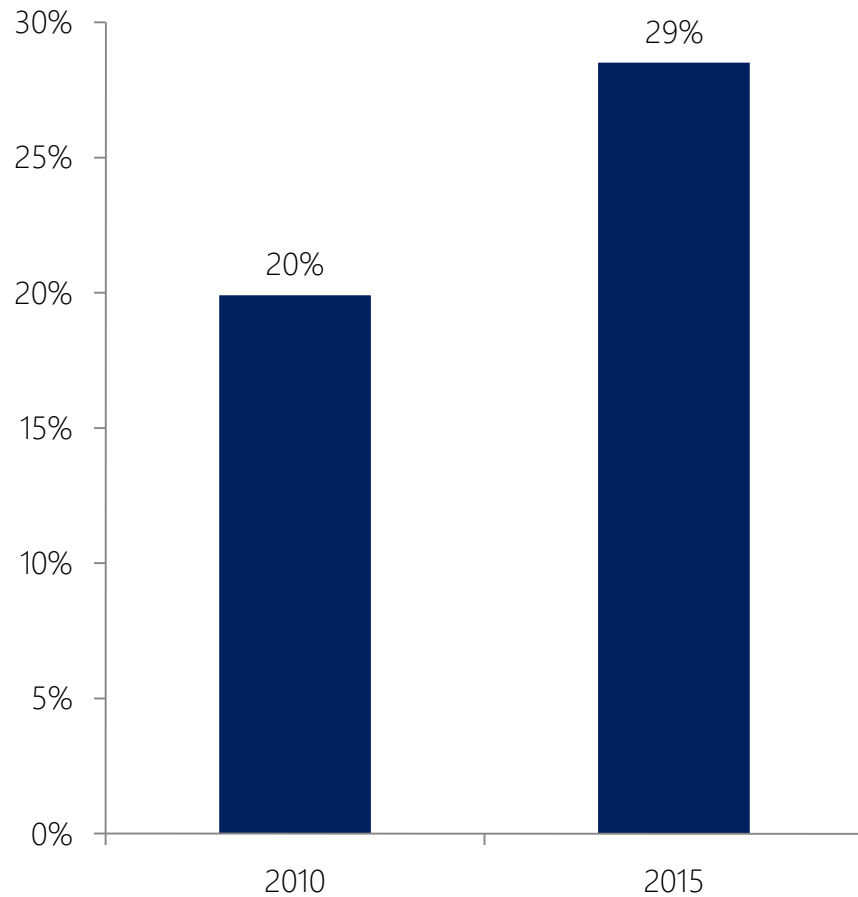
- More retailers moving online
- Consumers becoming more familiar and confident with the internet and online retail
- Multichannel usage (mobile web payments growing >50% globally)
- More convenient and safer payment methods



# E-Commerce is an important channel for Visa and as customers become even more connected its significance will rise further

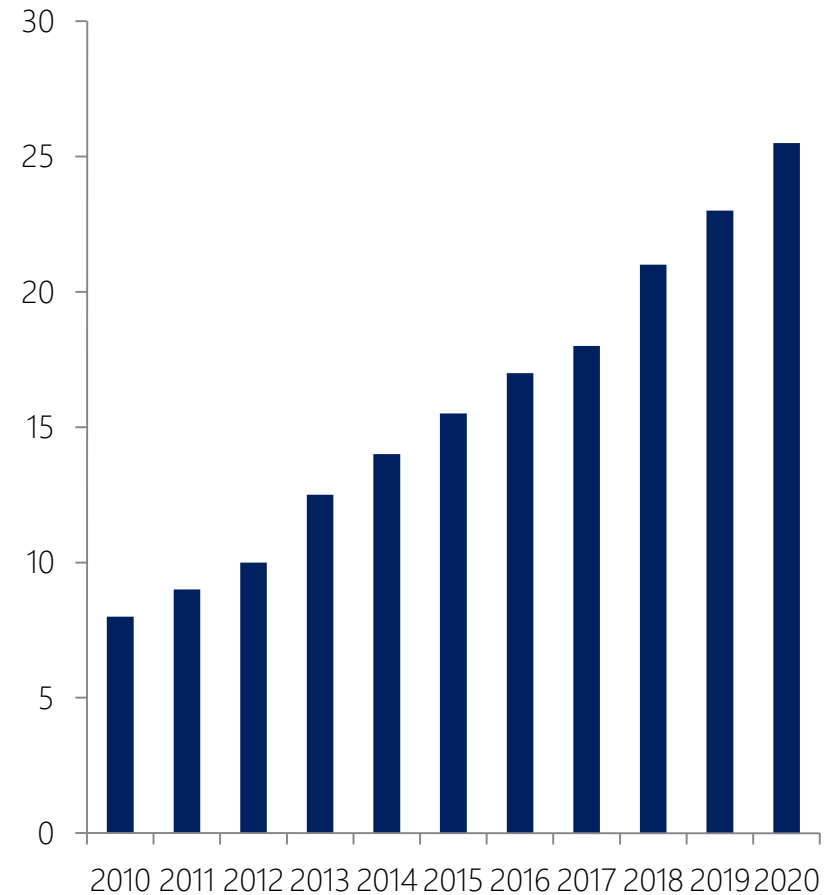
Online now accounts for almost 1/3 of spend on a Visa card

% purchases on a Visa card through ECI channel by value



By 2020 there will be more than 25 billion connected devices globally

No. connected devices globally (bns)



Source: ERIC

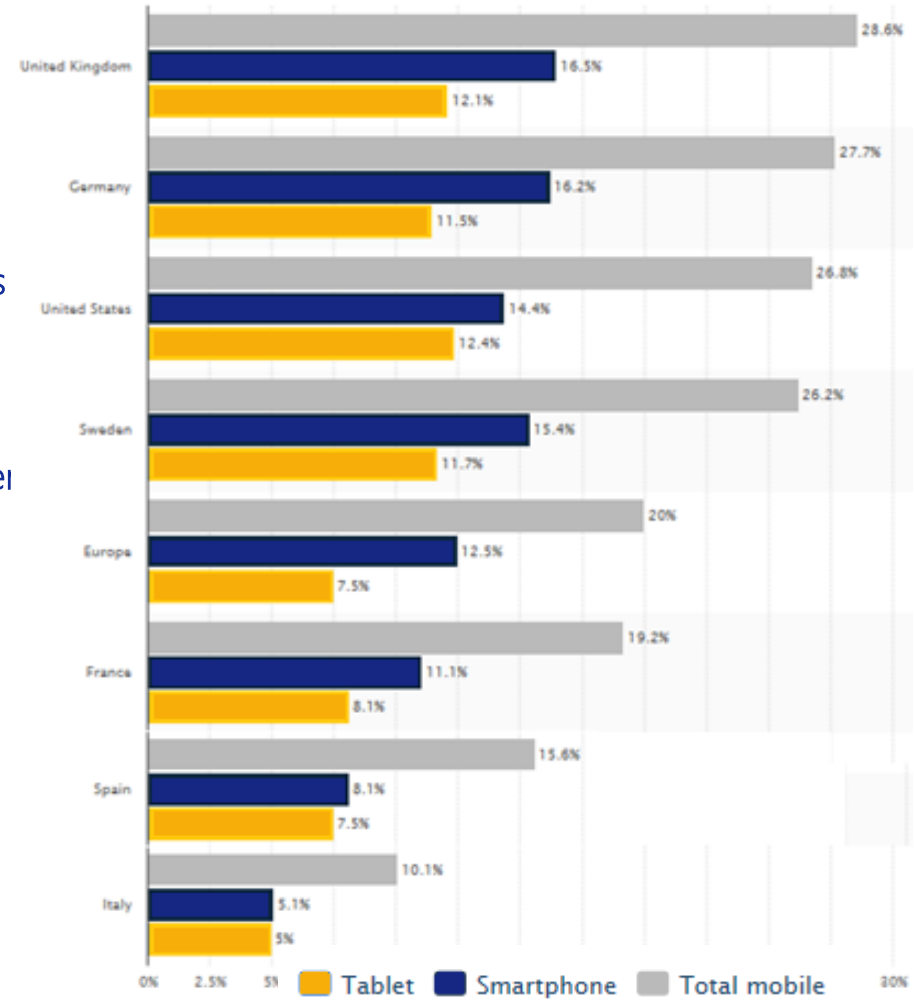


# As smartphone ownership gathers pace, the significance of M-commerce is increasing

- E-commerce is transforming into Omni-commerce
- M-commerce is growing even faster
- Continued migration from PC to Mobile / Tablet
- OTT building vertical integrated e-com ecosystems trying to disintermediating business models and traditional players
- Continued growth in alternative payment methods (ACH based) plus persistence of non-digital payment (Cash on Delivery)
- Increasing consumer concerns about online safety given high profile data breaches (Target, Sony, etc)



m-commerce as a percentage of e-commerce, 2015



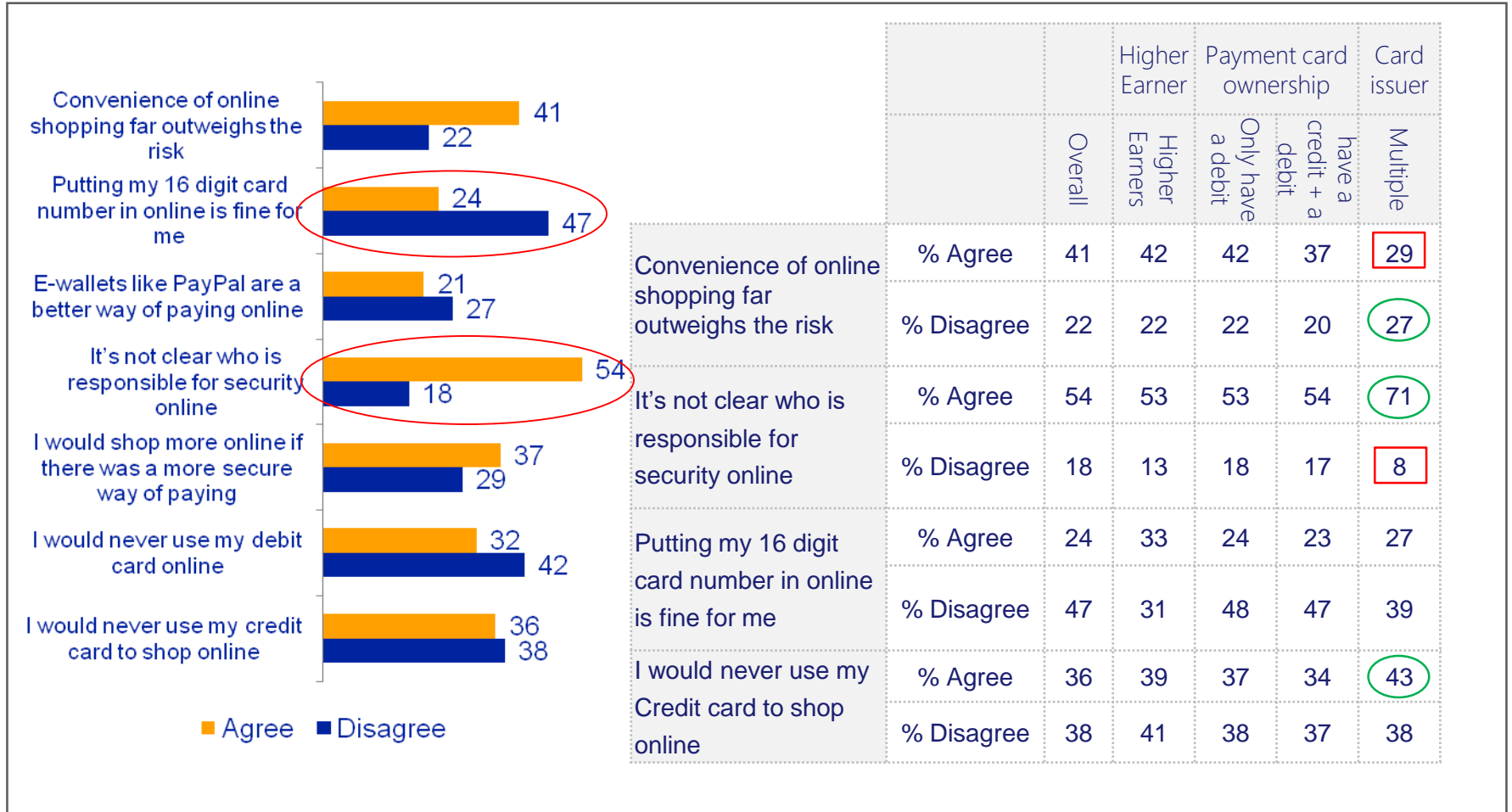
## References:

<http://www.statista.com/statistics/281256/mobile-commerce-as-percentage-of-e-commerce-sales/>

<http://www.statista.com/statistics/226530/mobile-payment-transaction-volume-forecast/>

\* LexisNexis Risk Solutions

# Over half of banked adults believe it is not clear who is responsible for online security



Base: 714 Czech banked adults, Age 16-65 who shop online

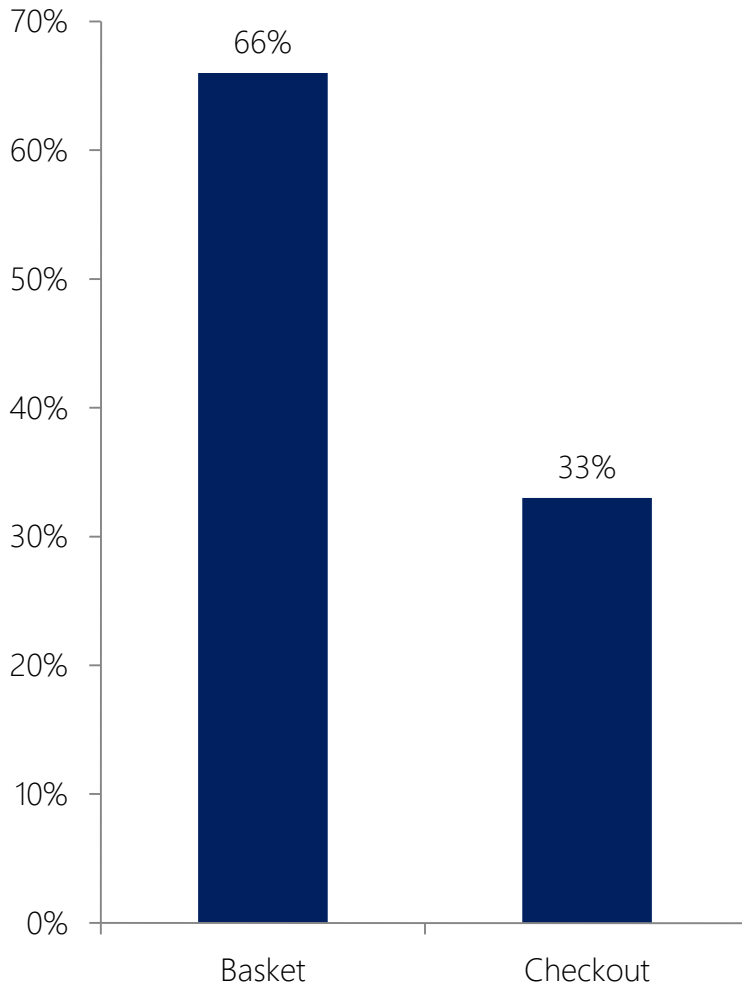
Question: Here are some statements which other people have made about shopping online. To what extent do you agree/ disagree? (Q111)

\* Higher earner = 8% income > 50,000 CZK



# Despite many consumers showing intent to buy online, still 2/3 abandon baskets whilst 1/3 of people abandon at checkout

Abandonment online



- Checkout abandonment is a considerable cost to merchants
- Abandonment rates are attributable to a variety of factors and not all are payment related
- To be competitive, Visa payment solutions must aim to help minimise abandonment rates

# Stakeholders have specific needs and challenges when it comes to online payments



## Consumers

### Key Needs

- Convenience (ease of use + speed)
- Security / confidence

### Key Issues

- Need to share personal information with merchants (PAN, Address..)
- VbV experience not strong, especially from mobile devices
- VbV forgotten passwords can add friction to the e-commerce experience



## Issuers

- Fraud reduction
- Volume growth
- Reduced customer service issues / cost

- Fraud reduction is key imperative – particularly given reducing IRF income
- Competing payment solutions reduce issuer relevance, data and opportunity for cross-sales



## Acquirers

- Protect against non-card solutions
- Volume growth
- Support retailers

- Non-card alternatives are gaining ground in some markets
- Supporting retailers in maximizing conversion



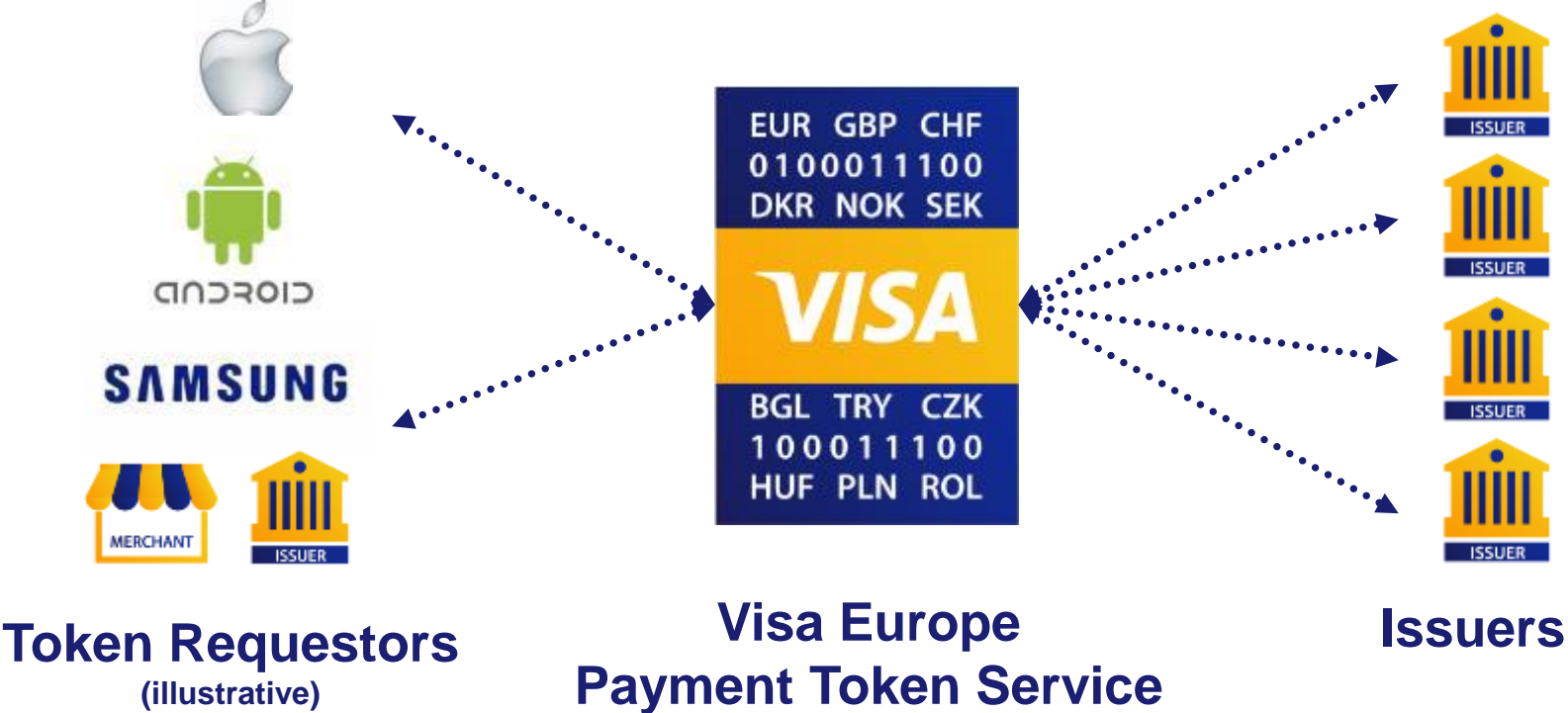
## Retailers

- Basket conversion
- Fraud reduction and guarantee of payment
- Reduced costs

- VbV with password improves fraud rates but reduces conversion
- Issuer fraud concerns result in high levels of declines and lost sales
- Account on File (wallet) merchants suffer from costs (PCI compliance ) and attrition when card details expire



# Visa Europe as a payment enabler



# Touch to Pay in-store (iPhone 6)

Visa Payment  
Token



Secure Element



Transaction specific  
cryptograms



Touch ID to  
authenticate



Visa contactless  
acceptance



- ✓ Hold iPhone 6 to reader
- ✓ Touch ID
- ✓ Done

**VISA** |  **Pay**



Visa Tokenization



Secure element based

Touch ID



Visa contactless



acceptance



Dedicated cryptogram



**VISA**



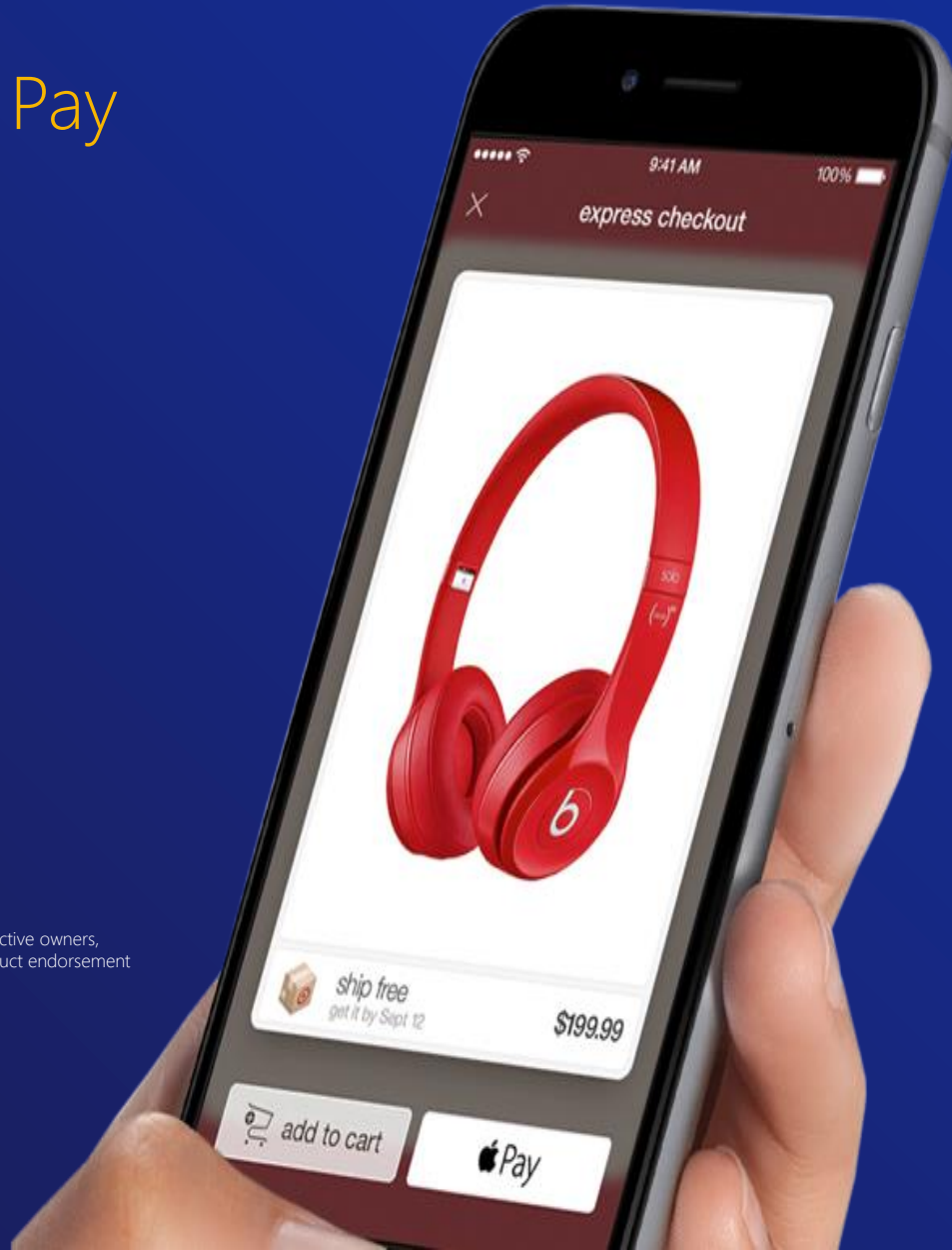
*Note: All brand names and logos are the property of their respective owners, are used for identification purposes only, and do not imply product endorsement or affiliation with Visa.*

**VISA**

# In-app payment Featuring Apple Pay



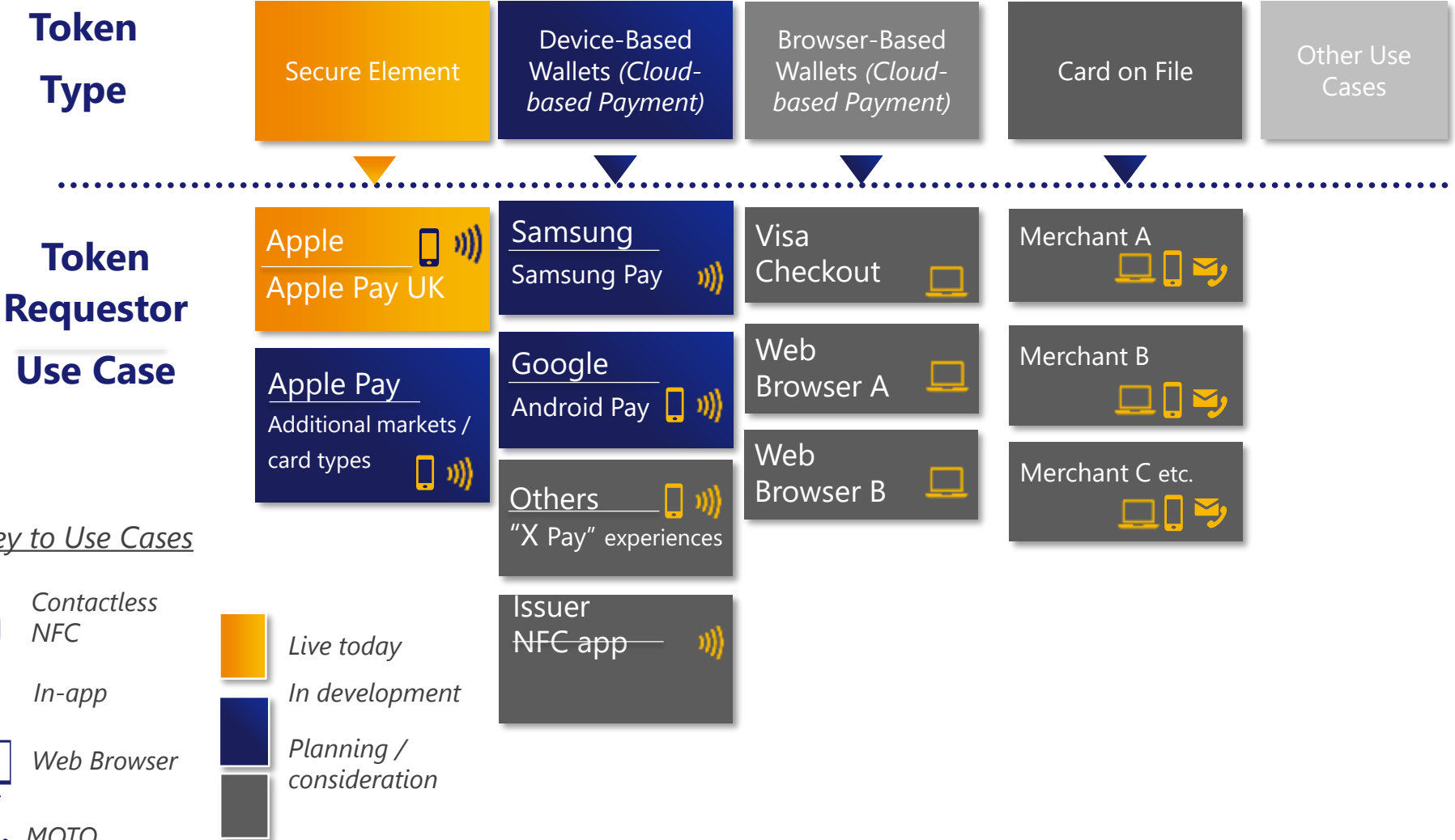
Note: All brand names and logos are the property of their respective owners, are used for identification purposes only, and do not imply product endorsement or affiliation with Visa



# Our roadmap includes the enablement of numerous exiting new payment experiences



## Visa EuropePayment Token Service (VEPTS)



### Key to Use Cases

- Contactless NFC
- In-app
- Web Browser
- MOTO

- Live today
- In development
- Planning / consideration



**VISA** | Thank You