



Welcome to the **April** edition of ACT News – Driving Insights. This complimentary service is provided by ACT Canada. Please feel free to forward this to your colleagues.

## **In This Issue**

1. Editorial – honour
2. A first in Canada: credit card payment tested onboard Laval buses
3. CIBC introduces in-app voice commands to simplify mobile navigation
4. Interac e-transfer volumes reached record levels in 2016
5. McDonald's move to mobile ordering will be closely watched
6. The PSD2 final RTS: 10 things you need to know
7. MasterCard launches biometric cards
8. Ingenico ePayments brings gamification to payments
9. Cardtek and emCredit introduce first national mobile wallet solution, emPay
10. New York wants to be the model for cybersecurity regulation
11. ICC solutions wins fourth Queen's Award for Enterprise
12. Giesecke+Devrient strengthens cyber security for industry 4.0
13. Samsung Pay goes online with VISA checkout
14. Global Payments launches enhanced ecommerce offering in Canada
15. PayPal and Google have new digital wallet partnership
16. UL's brand test tool expanded to include UnionPay International quickpass terminal testing
17. UK calls for global fintech regulations
18. FIME supports BKM to develop Turkey's first domestic payment scheme
19. Dancing humanoid robot rolls in to Calgary banks
20. American Express previews new AmEx bot for messenger feature at Facebook's f8
21. Gemalto accelerates IoT adoption and innovation in Japan
22. An inconvenient Apple Pay truth
23. Masterpass-enabled bots launch on messenger with FreshDirect, Subway and The Cheesecake Factory



## ACT Canada Partners

### **INGENICO** - *Point of Sale Equipment Partner*

Ingenico Group is the global leader in seamless payment, providing smart, trusted and secure payment solutions to empower commerce across all channels, in-store, online and mobile. With the world's largest payment acceptance network, we deliver secure solutions with a local, national and international scope in 125 countries. For over 30 years, we have been the trusted world-class partner for financial institutions and for retailers, ranging in size from small merchants to several of the world's best known global brands. Our smart terminal and mobile solutions enable merchants to simplify payment and deliver their brand promise.

### **INTERAC** - *Payment Network Partner*

Interac Association is a recognized world leader in debit card services. Interac Association is responsible for the development and operations of the Interac network, a national payment network that allows Canadians to access their money through Interac Cash at 60,000 Automated Banking Machines and Interac Debit at 766,000 point-of-sale terminals across Canada. Interac Flash, a secure contactless enhancement of Interac Debit allows Canadians to pay for items instantly with their Interac chip debit card at a reader that supports Interac Flash.

## New and Renewing Members

### **Principal Member**

Moneris ~ member since 2011

### **General Member**

Collabria Financial Services Inc. ~ member since 2015

MNP LLP ~ member since 2015

Parkland Fuel Corporation (formerly Pioneer Energy L.P.) ~ member since 2014

SecureKey Technologies ~ rejoined in 2017

Suncor Energy Products Inc. ~ member since 2010

### **Associate Member**

Adam Bialy ~ new member

M. Blair Consulting Inc. ~ member since 2010

## Career Opportunities

Visit our career opportunities section for the latest opportunities - <http://www.actcda.com/information/careers/>

### Looking for good people?

There is a lot of movement in the market, so if you are looking for new employees, we are always aware of some great people. Please contact ACT Canada for more details - [postings@actcda.com](mailto:postings@actcda.com)

## Calendar Of Events

### Cardware 2017

May 1-3, 2017

Niagara Falls, ON, Canada

[www.cardware.ca](http://www.cardware.ca)

*ACT Canada members receive discounts*

### Money2020 Europe

Jun 26-28, 2017

Copenhagen, Denmark

[www.money2020europe.com](http://www.money2020europe.com)

*ACT Canada members receive discounts*

### Card Forum

May 8-10, 2017

Austin, TX, USA

[www.cardforum.com](http://www.cardforum.com)

*ACT Canada members receive discounts*

### Money2020

Oct 22-25, 2017

Las Vegas, NV, USA

[www.money2020.com](http://www.money2020.com)

### IVIE Awards Gala

Nov 8, 2017

Toronto, ON, Canada

Help us celebrate the best in innovation in payments and digital identity! Nominations now open at

[www.actcda.com/ivies.html](http://www.actcda.com/ivies.html)

### ICMC

May 16-19, 2017

Washington D.C., USA

[www.icmconference.org](http://www.icmconference.org)

*ACT Canada members receive discounts*

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## Articles

### 1. EDITORIAL – HONOUR

*Source: Catherine Johnston, CEO, ACT Canada (04/27)*

This is one of my last editorials and I'd like to talk about people and careers. Over the past 27 years, I've met some remarkable people. Some were visionaries, some were wizards at executing strategy and a few were both. Some were leaders and some were not. One of the things they had in common was honour. Each took what they knew and leveraged that with their values and character to make positive changes in the market. It was a pleasure and privilege to have worked with every one of them.



I have also worked with people who were primarily focused on their own advancement. People from both groups have enjoyed successful careers, so it is not my place to suggest that you should pursue one path versus the other. However, having said that, I look back at my own career, now that I enter the next stage of my life. I did not set out to run a non-profit stakeholder association but that is what evolved. For the rest of my life, this is the career I'll have to think back on, because there won't be another. That is OK, because I feel good about what ACT Canada has accomplished and my role in that. Whether you are in the first or second group, the time will come when you'll find yourself thinking back. My wish for you is that you'll feel the same way I do when that time comes.

Honour, decency and integrity. Gifts you give yourself and the world.

## **2. A FIRST IN CANADA: CREDIT CARD PAYMENT TESTED ONBOARD LAVAL BUSES**

*Source: Desjardins (04/18)*

The Société de transport de Laval (STL) and Desjardins Group, in the presence of the Mayor of Laval, Mr. Marc Demers, announced the implementation of a new pilot project to accept credit card payments by Visa or MasterCard onboard Laval buses. These two leading Quebec companies have joined forces to bring this innovative project to life as of Friday, April 21 on six of the STL's bus routes: 20, 39, 48, 60, 63 and 73. The STL is the first public transit company in Canada to test onboard fare payment by credit card (single fares).

The technology being used is a contactless payment terminal similar to those found in most retailers across Canada. This Monetico payment solution, developed by Desjardins, allows for instant payment by simply tapping your card on the terminal. No swiping, inserting or personal identification numbers are required. This new credit card payment option is available for single fares, in addition to the traditional cash payment and the advance purchase of fares. This convenient solution will allow occasional riders of public transit to save time, not having to plan for exact change or to purchase fares in advance.

"For the STL, innovation is a core principle. It is deeply rooted in the way they conduct business" says Marc Demers, Mayor of Laval. "Public transportation is a major vector for the development of Laval and we are proud to support this type of experiment at the STL. It improves the public transit offer for Laval residents and everyone who comes to visit us."

"Simple, safe and fast, this new payment option fills the needs of our riders who don't always have the exact change or time to purchase fares. We hope this new initiative will attract new clients and convince our occasional riders to take public transportation more often and make it a part of their daily travel routine", adds David DeCotis, President of the STL's Board of Directors. "Contactless



payment is a growing trend in public transportation around the world. We are proud of this partnership with Desjardins, who share our desire to actively contribute to the advancement of technology and at the same time, our respective industries." concludes De Cotis.

"We are happy to be partnering with the STL to provide its clients with a payment experience that meets modern expectations and that contributes to broadening the payment offer for the public transportation industry," says André Chatelain, Executive Vice-President, Personal Services, Payments and Desjardins Group Marketing. "As one of the global leaders in payment systems, Desjardins is expecting this innovation, a first in Canada, to mark a major milestone in the integration of contactless payment into the various modes of transportation in this country." The results of this trial will be shared with the Autorité régionale de transport métropolitain (ARTM) and with Quebec's other public transportation companies.

#### About the Société de transport de Laval

The Société de transport de Laval (STL) develops and operates an integrated network of buses, school bus routes, collective taxi and paratransit services, covering a total of 20 million trips per year. The STL's regular bus network includes 45 buses, more than 2,700 bus stops with service to over 1,400 km across Laval. The STL is one of the most innovative companies in North America thanks to projects that include the first 40-foot 100% electric bus in Quebec, in service since 2013, and its real time user information system, which provides, since 2010, information to clients in real time on the location of all the buses on its network. In 2017, the STL launched the STL Quality Commitment Program, the first customer service guarantee of its kind in Canada.

*Desjardins Group is a member of ACT Canada; please visit [www.desjardins.com](http://www.desjardins.com).*

### **3. CIBC INTRODUCES IN-APP VOICE COMMANDS TO SIMPLIFY MOBILE NAVIGATION**

*Source: CIBC (04/03)*

Continuing to offer Canadians a complete end-to-end personalized digital banking experience, CIBC today announced the availability of in-app voice commands that allow clients to quickly access a variety of banking tasks and explore products or services with a simple voice prompt. The feature joins CIBC's recently introduced Digital Cart, a mobile service where users can open a new deposit account, apply for overdraft protection, and secure a credit card all in one digital experience within CIBC's mobile app — a first to Canadian banking.

"We understand our clients' unique needs, including those digital first clients who prefer to bank on their mobile device," says Aayaz Pira, Senior Vice President,



CIBC Digital Retail & Business Banking. "By adding voice commands, we're deepening the mobile experience and laying the foundation to build a unique, personalized in-app search engine that will allow clients to verbally call up any past banking transaction on their mobile device."

Voice navigation

Available on iOS and Android, CIBC clients use the dictation feature on their device to easily search and access banking tasks, through hands-free keyword search voice prompts. In a safe and secure mobile environment, the app will search for suggestions on various banking tasks. For example if you say "send money" a list of options like e-Transfer and Global Money Transfer is presented.

### Digital Cart

A mobile-first add-on to the CIBC banking app, Digital Cart allows consumers to research, apply for and add multiple products to their "shopping cart" without having to visit a banking centre. For clients who'd prefer to speak to an advisor, Digital Cart's 'Save and Resume' functionality allows them to book an appointment on their mobile device, and continue and complete their application where they left off at any CIBC banking centre. A key benefit is real-time adjudication so clients receive recommendations on pre-approved products based on their financial needs and qualifications. And with eDeposit and eSignature capabilities, clients have the opportunity to open and obtain products instantly.

"We are continually working to enhance mobile-driven solutions for our clients so they can access modern convenient banking, how and when they want," adds Mr. Pira. Emphasizing its focus on being the modern, innovative bank for clients, CIBC today launched an advertising campaign that highlights a number of banking-firsts it has delivered to help create a modern banking experience for Canadians. The campaign includes television, video, print, social media and digital. CIBC has recently delivered a number of mobile banking firsts for Canadians including Digital Account Open and CIBC Hello Home™ - an app that allow consumers to apply for a mortgage entirely through their mobile device. CIBC's Mobile Banking App can be downloaded from the Apple iTunes Store or the Google Play Store.

*CIBC is a member of ACT Canada and will be speaking at Cardware on May 3rd; please visit [www.cibc.com](http://www.cibc.com)*

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## **4. INTERAC E-TRANSFER VOLUMES REACHED RECORD LEVELS IN 2016**

*Source: Interac (04/11)*

Canadian consumers and businesses are using the Interac e-Transfer service at record levels with more than 158 million transfers made over the platform in 2016. This volume is up almost 50 per cent from the previous year's 105 million



transfers, according to data released today by Interac Association/Acxsys Corporation (Interac). The total value of Interac e-Transfer transactions also reached a new high, with more than \$63 billion transferred in 2016, representing an average transaction of \$408.

“Interac e-Transfer is leading secure, real-time money movement innovation in Canada,” said Mark O’Connell, President and CEO, Interac Association and Acxsys Corporation. “We know Canadian consumers and businesses value the convenience and security of Interac e-Transfer today – and will no doubt find value in new enhancements that we’ll bring to market in the coming months.” Interac e-Transfer is a digital money transfer platform for every type of transaction: person-to-person (P2P), person-to-business (P2B), business-to-person (B2P) and business-to-business (B2B). Based on a “good funds” model in which a sender’s funds are immediately removed from their account upon making a payment or transfer, the service offers real-time capabilities with 65 percent of transfer notifications received instantly.

O’Connell notes that the organization’s mobile-first vision for the Interac e-Transfer platform became a reality in 2016, with almost 70 per cent of Interac e-Transfer notifications received on a mobile device.

Later this year, Interac will introduce innovative capabilities to meet new and emerging user needs:

- Request money: Send requests for money via Interac e-Transfer.
- Recurring payments: Schedule future dated or recurring Interac e-Transfer transactions and money requests (e.g. schedule a transaction on a friend’s birthday or recurring monthly rent payments).
- Auto deposit: Receive Interac e-Transfer transactions and deposit funds directly into your account without the need to answer a security question.
- Open access: Enable businesses to directly access payment services via APIs that leverage the Interac e-Transfer platform’s money movement capabilities.

“Since it was first launched in 2002, Interac e-Transfer has grown to become a service that Canadians use daily with upwards of one million transactions sent on peak days,” said O’Connell. “Throughout its growth and innovation, the fundamentals of the service remain the same – a real-time, good funds solution on the solid foundation of trust and familiarity of the Interac brand.” To learn more about the Interac e-Transfer service and the future of secure, frictionless and modern money transfers, read “Principles of a Modernized Payments System”.

*Interac Association and Acxsys Corporation is a member of ACT Canada, as well as a speaker and sponsor at Cardware; please visit [www.interac.ca](http://www.interac.ca).*

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## 5. MCDONALD'S MOVE TO MOBILE ORDERING WILL BE CLOSELY WATCHED

Source: *Mobile Payments Today* (03/31)

McDonald's recently unveiled plans to implement mobile ordering and curbside pickup are living proof that even the mightiest brands now know that when it comes to the future of customer service, the writing is on the wall — or at least the mobile screen in this case. Mobile ordering is the new standard and as the QSR giant now follows in the techy footsteps of chains like Starbucks, Panera Bread and Dominos, it's clear that many more restaurants will soon follow in order to provide customers the most up-to-date and easy-to-use experience, while also opening doors to better access to their favorite brands.

Not only can customers now place orders well in advance, they can connect more closely with the places they love to eat, while also better meeting their individual dietary demands and whims, regardless of where they are at any given time. But the hefty transition restaurants must make to this new way of life also presents a prime opportunity to fail spectacularly without the right preparation, foresight and planning. So, yes, the opportunity for mobile ordering is ripe. But, it's critical that McDonald's and those which will follow suit both understand prepare well for the challenges that may be encountered during rollout.

### Logistical Challenges

In the last few years, mobile ordering has quickly gone from "nice-to-have" service, to business imperative, particularly for limited-service brands. But it's not just mobile ordering technology implementation that's critical to get right. It's also the logistics that need to be in place and functioning well at the same time to ensure the consumer experience is on point.

For a prime example of what's needed, just think back to evolution of drive-thru ordering, the last big innovation in food prep. In its earliest days, restaurant operators had to work through a number of kinks in drive-thru implementation, including first, interpreting the right order and then queuing food so neither drivers nor in-store guests were waiting too long. Mobile ordering provides a similar kinds of challenges. With more advanced technology and a new approach to ordering, there's a variety of logistical issues restaurants — particularly QSRs — must overcome to ensure an integrated customer experience.

Many customers opt-in to mobile ordering to reduce the time of transactions and often they have expectations of minimal-to-no wait times when they arrive for pickup. However, success in mobile ordering means there will also be higher-order volume, and therefore higher output for food and services. In fact, the ability to order ahead has a very real risk of causing a backlog of orders at popular chains, along with bulky queues across mobile ordering, as well as longer waits in-store.





While store managers used to be able to staff-up based solely on hourly foot traffic, they now must also anticipate the lift of customers ordering ahead or even anticipate customer traffic within the area to better manage supplies and distribute staff.

### Fragmented POS

The franchise model further complicates mobile ordering. For example, differences in technology platforms can create increased friction in highly franchised chains, in comparison to fully corporate-owned chains, like Starbucks.

Many brick-and-mortar locations of a chain may have a variety of systems, especially if the parent company has offered a choice of systems and when individual locations upgrade their technology. Without a single universal system, individual franchises may have different inventory, food prep procedures and customer data, all creating miscommunication and extra hurdles during mobile ordering system rollouts.

To ease these issues, limited service restaurant brands are wise to:

- Delineate menu item variations for individual locations.
- Increase ease of access to most popular menu items.
- Standardize processes to create a more uniform customer experience, regardless of location.
- Likewise, purchasing can be optimized when chains use the same technology across franchises, allowing brands to improve the overall purchasing experience across entire geographic footprints, while still giving each unit flexibility to optimize kitchen layouts and workflows for their needs.

### Adoption

No matter how flawless a brand's mobile ordering experience, employee and customer adoption is always a struggle. To get customers hooked, brands must compel customers to both download and then use the app to order. But, a significant 77 percent of customers never use an app a single additional time a mere three days after installing one. That means brands must keep motivating customers to use the app by providing a stream of exclusive offers that come with using the app and ordering from it. Brands can also grow usage by providing loyalty point multipliers and using gamification tactics for activation and new app feature use for actions like mobile ordering and curbside pickup. For a market-leading example, check out Starbucks Bonus Star Bingo.

### The impact and the path forward

From frazzled on-the-go workers to busy parents who want to spend as little time outside their vehicle as possible, mobile ordering has many fans. And as mobile functions like this increase in importance, the culture of buying changes.

Advance ordering and mobile payment offer plenty of flexibility and simplicity, along with substantial changes in the way customers interact with restaurant locations. In suburbia, for instance, retail food chains, like Kroger, is benefiting greatly from curbside pickup for pre-ordered groceries without a trip inside the store. Meanwhile, retailers like Sam's Club are extending their Scan-And-Go service to help app users scan products in the store aisle and avoid check-out altogether. The Amazon Go concept takes that a step forward as just one more examples of the many ways brands help customers make the most of their time by streamlining shopping.

As we approach 2020, 100-plus-location chains will increasingly find mobile ordering to be the core of their customer experience. When that occurs, this facet of restaurants' business activities will cease to be a point of differentiation. Instead, brands will distinguish themselves by increased personalization, voice ordering and delivery. Until then though, restaurant brands must optimize the mobile ordering experience, reduce areas of friction and start creating transactions that are truly memorable.

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## **6. THE PSD2 FINAL RTS: 10 THINGS YOU NEED TO KNOW**

*Source: Let's Talk Payments (04/25)*

The European Banking Authority (EBA) has published its 'final' draft Regulatory Technical Standards (RTS) on Strong Customer Authentication (SCA) and secure communication under PSD2. PSD2 and, particularly, the SCA aspect has the potential to dramatically change not just the payments sector but the wider banking market and has been the subject of heated discussions and aggressive lobbying.

The market has therefore been waiting with bated breath to view and digest the finalized standards. The final RTS provides clarity on a number of ambiguities contained in the draft version and covers a great deal of ground. However, like a Christopher Nolan movie, it still leaves you hanging with unanswered questions at the end. With the document standing at more than 150 pages, it can be difficult to identify the major points and key changes from the draft version. To help, here's a distillation of the paper, covering 10 points we believe the market needs to heed:

### **1. Banks to define their own interfaces**

The RTS does not provide definitions of the interfaces needed. Luckily, some industry groups (e.g.: Berlin Group) have come together to define common standards, and the European Retail Payments Board (ERPB) has convened working groups to facilitate this process. It's up to the banks to define their own interfaces, but at least they will have some de-facto standards to base them on.

## 2. APIs, not screen-scraping

Rationale 32 says that “screen scraping will no longer be allowed,” but something that looks a lot like screen scraping is still allowed. TPPs using this interface must digitally sign the messages to identify themselves, which is at least a step forward; however, other security holes associated with screen-scraping remain. Note that if a bank provides a “dedicated” (API) interface, TPPs must use it.

## 3. Payment security is up to the banks

It is up to the bank to authenticate their customer. Recital 14 now says that “PIS Providers have the right to rely on the authentication procedures provided” by the bank; there is no right in the opposite direction. Therefore, PISPs (payments initiative service providers) must pass control to the bank to authenticate the customer – the PISP can’t apply its own authentication and then tell the bank to “just do it.”

## 4. Authentication codes

Article 4.1 says that “The authentication code shall be accepted only once.” This is fine for a single payment initiation, but the RTS allows TPPs to initiate a series of payments, and to retrieve account information, with SCA applied only the first time. Presumably, the original authorization code must be presented for all subsequent accesses, but this is not compatible with the “only once” provision in 4.1.

For payment transactions, the authentication code has to be dynamically linked to the transaction details. There’s a possible gap because the amount and payee are dynamically linked, but not the payment reference. In cases where the reference determines the beneficiary, such as credit card payments, this could become a security vulnerability.

## 5. Exemptions from strong customer authentication

This is the area of the RTS that has changed most and has become more practical. Changes include:

- For contactless card payments, the single-transaction value has been raised to €50, and the option to count five consecutive non-SCA transactions has been added to provide balance to the previous impractical requirement to just accumulate payment values.
- A vital exemption has been added for unattended transport, and parking terminals have helpfully been included.
- No SCA is required for payments to trusted beneficiaries. Comment 79 also clarifies, “The exemption for trusted beneficiaries only applies to

payment transactions made on an online account by the payer. The PISP cannot create a list of trusted beneficiaries.”

- The low-value payment exemption has been raised from €10 to €30, with a cumulative value of €100 or a cumulative count of five, aligned to the contactless exemption.

## 6. Real-time fraud detection and prevention

Whereas the previous draft mandated real-time fraud detection to prevent, detect and block fraudulent payments, the final draft allows for a more nuanced risk analysis approach, with high-risk transactions being blocked for suspected fraud, and low-risk transactions potentially bypassing SCA. There is also a specific approach with clearer reporting and processing procedures.

## 7. Sensitive payment data

The final draft still says that ASPSPs (account servicing payment service providers), effectively banks, must provide AIS with the same information from designated payment accounts and associated payment transactions made available to the payment service user when directly accessing the information, “provided that this information does not include display of sensitive payment data.” “Sensitive” is still not defined, leaving it to the bank to decide what to redact.

## 8. Use of eIDAS authorities

The EBA has put aside its doubts and firmly mandated the use of Digital Certificates (or “qualified certificates for electronic seals or website authentication,” as the regulation would have it) issued under Regulation 910/2014, aka eIDAS. Given the extended timeline for enforcement of the RTS – November 2018 being the earliest date, with serious discussion of April 2019 – there is still time for organizations to step up and put the required infrastructure in place to move eIDAS from dream to reality.

## 9. Card-not-present requires strong customer authentication

Unless a card transaction falls under one of the exemptions, it must go through SCA. Vendors have rushed out solutions such as Dynamic CVV, where the CVV on the card changes regularly. Using this as one of the SCA components proves possession, which along with knowledge satisfies the ‘two-factor’ requirement. It looks like 3D-Secure 2.0 will be sufficient to allow SCA exemptions to be applied, but if the transaction is not exempt, it’s up to the issuer to drive the SCA process.

## 10. Trusted execution environments for multi-purpose devices

The previous draft specified that multi-purpose devices (mobile phones and the like) had to use a Trusted Execution Environment (TEE) for security. TEE is a well-defined, tried and tested standard, but it seems the EBA has caved into pressure from organizations lobbying for non-standard (and in some cases, less secure) solutions. The RTS now mandates a 'Secure Execution Environment' which has no current industry definition, so mobile security effectively becomes a free for all again. Caveat emptor!

### What next?

The RTS has yet to be adopted by the European Commission, so there is still an opportunity for lobbying by member states and industry groups and organizations. Be that as it may, it's clear that no further significant clarifications will be forthcoming from the EBA. It's now up to banks, TPPs and other payment service providers to get on with implementation, guided by national authorities, industry groups, compliance officers and technology experts. The "access to account" services specified in PSD2 Articles 65-67 have to be available from January 2018, and even though the security and communications standards in the RTS do not become mandatory until the end of the "transitional" period, there's sufficient clarity to start moving in that direction prior to the mandate.

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- **How will PSD2 impact North American Payments?**
  - **What's the Future of the Code of Conduct?**
  - **What will Happen with Payments and the Trump Administration?**

*Join us at Cardware, May 1-3, as we look at these pressing issues – [www.cardware.ca/register](http://www.cardware.ca/register).*

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## **7. MASTERCARD LAUNCHES BIOMETRIC CARDS**

*Source: PYMNTS (04/19)*

Biometrics more or less "went mainstream" when the iPhone 5s, launched in September 2013, incorporated a fingerprint reader into the iPhone. Presented to consumers as a way to use a fingerprint, instead of a password, to access their phone, TouchID got consumers used to the idea that they could be in control of who and how the information on their phones was accessed by using something that is uniquely theirs to unlock the home screen. Since then, TouchID has been integrated into a variety of payments experiences — from using the phone to make a payment in a physical store to opening a mobile banking app. Biometrics have also played a role in establishing and verifying identity in countries like India and South Africa where governments issue "smart cards" to wring fraud from the system when government benefits are paid.



Today, MasterCard is taking that notion of biometrics, plastic cards and payments to a different level with the announcement of a next generation biometric card that combines EMV chip technology with a fingerprint reader on the front of the card to authenticate the identity of a cardholder at the point of sale. The card, MasterCard's EVP of Identity Solutions Bob Reany told Karen Webster, looks identical to any other chip card — it's engineered to ISO specifications for sizing, and the EMV chip is where it always is on the lower left.

### With one difference.

There's a thin film on the upper right hand corner where the customer would naturally rest her thumb when dipping her card. That thin film is the fingerprint reader — and when the card is inserted into an EMV terminal, it matches the thumb print of the person holding the card to the one on file. If there is a match, the customer is authenticated and the transaction processed.

“Because it has actually has a fingerprint reader embedded on the card itself and the technology is part of the chip technology,” Reany said, “the only person who can use it is that consumer who registered.”

### No PIN required.

“The basic standard for authentication is something you have, something you know or something you are. An EMV card is the something the consumer has. When the biometric card is inserted into the machine, we can be confident that the person using that card is the person who's supposed to be using that card. With the fingerprint reader on the card, we are adding the ‘something you are’ to the process,” Reany explained. Merchants, Reany pointed out, get the advantage of a reduction in fraud that this new level of security and authentication offers without a costly POS upgrade, since all of the authentication is done on the card itself via the chip — and the existing chip readers.

Reany said that MasterCard rejected any innovation that required building the biometrics into POS terminals. “We've seen very recently that terminalization changes are really, really difficult,” he observed, further remarking that there'd be little if any appetite for additional changes, particularly in the aftermath of the EMV upgrade. He said they also rejected pitches to put fingerprint readers on powered cards, citing cost, battery life and flexibility. “We didn't want to design something really innovative and cool around something that would not work — batteries on cards don't work,” Reany said.

### Built For Governments

Reany said that the first — and motivating — use case for this technology wasn't commerce in the developed world at all — it was originally built for governments using cards to distribute benefits and public sector pay.

“As it turns out, if you use biometrics during the registration process, you can get rid of a lot of fraud in systems,” Reany said. He shared that when the government of South Africa first went to biometric cards for the distribution of benefits, they reduced the payout for financial benefits from the Treasury by over 20 percent. Fraud, double-dipping and in some cases collecting benefits posthumously were all problems that biometric cards can make much more obvious — and thus easier to eliminate. But the lightbulb for payments more generally in the developed world went off, Reany told Webster, when he was first showing their biometric cards to issuer partners as proof of concepts for an interesting innovation under development.

“So imagine our surprise when they said, ‘this is the coolest card I’ve ever seen and I want to use it for my affluent portfolios,’” he told Webster. He said that the issuers had more ideas about how to use it than even MasterCard had envisioned. “I think that best way to move innovation forward is to have your customer base and your partners see the possibilities you could never imagine that solve a pain point for them,” he said.

### What’s Next

To use a biometric card today, users have to go to a bank (or other authorized location) and register their card and fingerprint in person. That, Reany noted, was a byproduct of the card originally being designed for government use cases, since they had assumed physical presence for registration was a must-have.

That situation, he noted, is different for banks and their customers — which means they are working with their partners to make remote registration possible. More to come on that score. Reany also said that a trial of the service in South Africa’s leading supermarket retailer, Pick n Pay, and Absa Bank, a subsidiary of Barclays Africa, have already concluded. Over the next few months, additional trials — including ones in Europe and Asia — will be conducted with the biometric card. A full rollout is expected later this year.

*MasterCard is a member of ACT Canada and a speaker at Cardware; please visit [www.mastercard.ca](http://www.mastercard.ca).*

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## **8. INGENICO EPAYMENTS BRINGS GAMIFICATION TO PAYMENTS**

*Source: Ingenico (04/05)*

Ingenico ePayments’ innovation team has partnered with Belgian startup Luckycycle to develop Ingenico Gamified Checkout, which uses games to infuse the checkout experience with the excitement that comes with the chance to win rewards. Giving consumers an opportunity to win back their basket amount has been shown to increase checkout conversion, stickiness and grow customer



loyalty. Ingenico Gamified Checkout is available both as an online as well as an instore solution. For online merchants, Gamified Checkout is integrated into Ingenico's MyCheckout hosted payment pages. The instore solution leverages Ingenico's Telium Tetra marketplace to enable gamified checkout on payment terminals.

Ingenico Gamified Checkout is based on patented technology from Belgian startup Luckycycle and enables Ingenico clients to easily integrate a series of fully customizable games and associated visuals into their payment confirmation pages. Available games include a scratch card, a slot machine and a wheel of fortune, all of which give the consumer an opportunity to immediately win prizes related to their purchase. This means that instead of offering 10% discounts on an item or basket, merchants can offer a 1 in 10 chance to win that item or basket for free. Games are fully customizable with merchants able to define the parameters as well as look and feel.

Tests by Luckycycle show that by adding gamification, merchants can increase the volume and value of transactions and boost conversion by up to 15%. In addition to these benefits, the new solution is also an extremely powerful tool to help increase retailers' social media presence, with consumers encouraged to quickly and easily share their win on social media platforms such as Facebook and Twitter. Ingenico Gamified Checkout is currently in Ingenico ePayments' innovation program, both as an online and as an instore solution. This way, multi-channel merchants can promote their campaigns across all customer touchpoints.

"Merchants looking to boost conversion and build customer loyalty will typically use discount programs to increase the number of transactions and average basket size. But discounts alone aren't enough to build loyalty. Consumers want a great user experience to go along with their rewards and discounts," said Ludovic Houri, Vice President, Products at Ingenico ePayments. "At Ingenico, we're always looking for new ways to help our merchants achieve their goals, leveraging our expertise and technologies. Gamification is one trend that we have found can add excitement and value to an otherwise very functional process, and this helps both merchants and consumers get what they want."

"We are delighted to announce our partnership with Ingenico ePayments. For the last three years Luckycycle has been delivering gamified checkout solutions to many merchants, helping them to increase conversion and boost their sales. Our partnership with Ingenico ePayments will allow us to easily integrate with Ingenico ePayments customers, increasing our reach both for online and in store," said Nicolas Coppee, VP Sales at Luckycycle. "We are confident that this new solution, which combines our innovative technology with the ease of use of Ingenico's MyCheckout hosted payment pages, will offer a big advantage to companies looking for new ways to reward their customers while increasing sales."





*Ingenico is a member of ACT Canada and an exhibitor at Cardware; please visit [www.ingenico.com](http://www.ingenico.com).*

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## **9. CARDTEK AND EMCREDIT INTRODUCE FIRST NATIONAL MOBILE WALLET SOLUTION, EMPAY**

*Source: Cardtek (04/02)*

Cardtek is pleased to announce its partnership with Emcredit, a subsidiary of the Dubai Economic Department (DED), to launch the secure mobile payment platform, empay, offering United Arab Emirates residents a national mobile wallet solution. As a part of Dubai's Smart Government Initiative, empay will bring together a number of service providers including commercial banks, government departments, exchange houses, retailers, educational institutions, and transportation companies, into a common platform where consumers are easily able to access and pay for a wide variety of services from a single mobile wallet platform. Through the collaboration, consumers in the UAE will be able to make retail payments (in-store and remote payment), initiate money transfers, pay for government utilities, telecommunication, and school fees, among many other options, from a single mobile wallet.

Cardtek will provide Emcredit the payment infrastructure, along with mobile industry knowledge, operational services and product enhancements to support future needs. The solution uses NFC technology and allows consumers to use both mobile devices and wearables.

"We have great confidence that this partnership will ease UAE's citizens' life in terms of payments and bring new opportunities and benefits to the UAE's economic development," said Ayse Nil Sarigollu, the CEO of Cardtek. "We have had resounding success in the international arena with numerous accomplishments with clients in four continents through proactively following the changes in the Fintech sector. Utilizing our industry foresight, we continue to offer a dynamic competitive edge to our customers and partners."

"The collaboration to launch this unique initiative of DED will simplify the life of consumers and merchants alike, creating a better, safer, and faster payment eco-system for all," said Muna Al Qassab, the CEO of Emcredit Limited. "With emPAY, our goal is, and will always be to push the boundaries of innovation to give the people of UAE smarter yet simpler ways to conduct financial and non-financial transactions. empay is poised to change the very way we transact, offering speed and security like never before."

*Cardtek is a member of ACT Canada and an exhibitor at Cardware; please visit [www.cardtek.com](http://www.cardtek.com).*

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## **10. NEW YORK WANTS TO BE THE MODEL FOR CYBERSECURITY REGULATION**

*Source: PYMNTS (04/10)*

New York's financial regulator had a bold claim to offer over the weekend — she claimed that other states should use New York's sweeping cybersecurity rules as a model for how insurers must protect their networks from hackers. New York also has clear guidelines for when and how firms have to report when there are hacks.

“We believe the best way for industry to focus on the threat of cybersecurity is to have a consistent framework,” said Maria Vullo, superintendent of the New York State Department of Financial Services, at a meeting of the National Association of Insurance Commissioners (NAIC) in Denver. “The New York regulation is a road map with rules of the road.” Vullo made the remarks to a task force of state insurance commissioners who are struggling with crafting cybersecurity regulations. New York rules for banks and insurers include stipulations that firms must scrutinize all third-party vendors that provide them goods and services. They must also perform risk assessments in order to design a cybersecurity program particular to them. Institutions subject to the regulation include state-chartered banks, as well as foreign banks licensed to operate in the state, along with insurers that do business in New York.

Model laws must be finalized and approved by organizations developing them before being considered by state lawmakers — though generally they are considered a good tool for creating uniformity among state regulations.

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## **11. ICC SOLUTIONS WINS FOURTH QUEEN'S AWARD FOR ENTERPRISE**

*Source: ICC Solutions (04/21)*

UK company ICC Solutions has been awarded a second Queen's Award for Enterprise in Innovation, its fourth overall Queen's Award. The company, based in Warrington, Cheshire, is regarded as a global leader in the provision of highly efficient EMV (known as Chip & PIN) test and certification tools.

ICC Solutions has won three previous Queen's Awards for Enterprise; its first Innovation Award was received in 2012 and International Trade Awards were picked up by the company in 2012 and 2016. Now in its 51st year, the Queen's Awards for Enterprise are the most prestigious business awards in the UK, honouring companies who have made an outstanding contribution to the British economy. They are awarded annually by the Queen on the advice of the Prime Minister, who is assisted by an advisory committee that includes representatives of government, industry and commerce.



The Innovation Award recognises that ICC Solutions has achieved outstanding commercial success as a result of innovation over two years. Utilising an industry-leading closed-loop environment, the VIABLE solution, created by ICC Solutions for the US market, provides merchants with a cutting-edge environment for Chip & PIN testing, setting the standard for ease and efficiency. VIABLE is used by the largest merchant acquirer in the US.

Dave Maisey, CEO and Co-Founder, commented: “We are deeply honoured to win our fourth Queen’s Award for Enterprise. This is a wonderful testament to our ongoing commitment and vision to excel in innovation to drive success in international trade. We firmly believe that the two are intrinsically linked. Delivering a revolutionary, unique and market-leading Chip & PIN testing solution to the US has resulted in our turnover attributable to export rising to 95% of our overall sales.

“We remain totally focused on providing the best possible solutions to our clients, and this latest award for Innovation reflects that. Additionally, we have a strong desire to help further enhance British exporting and our Queen’s Awards have been the catalyst to drive us to attempt to inspire others to embrace the exciting opportunities offered by international trade and innovation. We were delighted to partner with the Duke of Edinburgh’s Award (DofE) to launch “Exporting Excellence”, which is now recognised as an option on the Skills Section of the DofE Award, encouraging young people across the UK to embrace opportunities in international trade through a framework of education, training and mentoring. These young people could be the international traders of tomorrow, ensuring Britain thrives as a powerful global trading nation.”

Wendy Maisey, Director and Co-Founder adds: “This is a tremendous achievement, to win our second Queen’s Award for Enterprise in Innovation adding to our two awards in International Trade. This reiterates our vision to be the best in class at what we do, and is a wonderful reflection on the impressive capabilities of our team. In a fiercely competitive environment, to design, develop and deliver such a unique solution as VIABLE to greatly enhance the efficiency of Chip & PIN certifications in the US is quite an achievement. We sincerely thank our team for their ongoing professionalism, commitment and enthusiasm.” The tools are used worldwide enabling development, quality assurance and regression testing in addition to formal merchant certifications. Investing in R&D, ICC Solutions developed an innovative and highly efficient closed-loop solution designed to simplify the EMV enablement, testing and validation process. This solution places our clients in full control of their EMV certification activities.

The Queen’s Awards for Enterprise are valid for five years. For more information, visit: <https://www.gov.uk/queens-awards-for-enterprise/business-awards>

*ICC Solutions is a member of ACT Canada and an exhibitor at Cardware 2017; please visit [www.iccsolutions.com](http://www.iccsolutions.com).*

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## 12. GIESECKE+DEVRIENT STRENGTHENS CYBER SECURITY FOR INDUSTRY 4.0

*Source: Giesecke & Devrient (04/25)*

At Hannover Messe Industrie, Giesecke+Devrient (G+D) Mobile Security is presenting its complete solution Secure Industrial Visibility (SIV) for the active protection of and remote access to industrial machines. The solution enables a secure connection between two linked end points in order to defend against industrial espionage and cyber attacks. SIV can be used on equipment from any provider or machine manufacturer and secures existing machines (as a retrofit option), as well as new machinery, in Industry 4.0 environments. With industrial digitization and the increasing connectivity of machines, the risk to production environments from the internet is growing rapidly. However, traditional approaches do not offer sufficient protection against cyber attacks: Industrial machines cannot be protected by antivirus software as updates may impact the machine software. Even worse, in some cases the operating systems in industrial machinery are often not sufficiently updated.

Therefore, manufacturers need to achieve comprehensive protection for the interaction between machines, production control systems. Even today, VPN connections are often used in which equipment IP addresses appear online unprotected. However, SIV – a complete solution from G+D – provides a secure “tunnel connection” between the two linked end points with fine granular policy management that is controlled entirely by the customer. The solution only requires the client to operate a standard internet browser, and the IP address cannot be viewed online. SIV is therefore able to equip a multitude of industrial IT systems as well as machine service and maintenance management systems with high-end security functions, and covers all security aspects including for example certification checks and vulnerability management. As a result, SIV fulfills the strict security requirements for remote maintenance in the industrial environment (BSI CS-108) as stated by the German Federal Office for Information Security (BSI).

“Secure Industrial Visibility guarantees optimum protection for networked machines in Industry 4.0 environments”, commented Ralf Wintergerst, Chairman of the Management Board of Giesecke+Devrient. “G+D has taken a non-supplier-specific approach here, enabling the solution to be used for all machine types. Secure Industrial Visibility is therefore an important component in our growing cyber security portfolio.”

“G+D Mobile Security has unparalleled experience in providing authentication and security solutions for key business processes”, stated market analyst Juniper Research in March 2017. “Their Secure Industrial Visibility solution is both innovative and provides a key tool in a sector where securing critical infrastructure will be fundamental moving forward. We named G+D Mobile Security in our new ‘Leaderboard of Internet of Things Cybersecurity Vendors’ considering both the quality of products and company experience in this space.”

*Giesecke & Devirent is a member of ACT Canada as well as a Cardware exhibitor and sponsor; please visit [www.gj-de.com](http://www.gj-de.com).*

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### **13. SAMSUNG PAY GOES ONLINE WITH VISA CHECKOUT**

Source: PYMNTS (03/30)

“Evolutionary, not revolutionary.” That’s been the typical reaction to just about every smartphone release of the last several years, reflecting, more or less, new features of the hardware itself: bigger screens, better cameras, longer battery life.

Which means regardless of the ultimate fate of Samsung’s newest flagship phone — the Galaxy S8 — Samsung has already won a pretty major victory. Sure, its infinity screen designed for faster scrolling and maximizing the amount of viewable real estate on the screen, its hidden home button, its Harmon headphones, all of the innovations under the hood that make it faster, its sharper camera and the fact that the device is durable enough to use underwater all check the cool features button — but it was the mission of the device that set it, and the many services that it enables now, apart.

Which we imagine is somewhat gratifying for Samsung this morning, since the message of its big show yesterday in New York — where the world got its first chance to meet and greet the S8 — was that it is ready to reinvent the notion of the smartphone. Phones aren’t just tools that make calls — that is the limited use of the past, according to Samsung — and their goal is to set off the new era of the smartphone by redefining the phone into what it truly has the potential to be: the gateway or portal consumers around the world use to connect to the most important people and things in their lives. Samsung is selling a lifestyle as much as it is selling a phone – their focus on “the phone unboxed” is all about giving consumers the tools to do what they can’t do – because to use their words, they have made what can’t be made. Sounds like a tall order? It is. But then, so is making an ostrich fly, which is how they ended their presentation.

#### The New Phone

The star of the show was the Galaxy 8 phone — and on the whole distinctly “Samsung” looking infinity edge, all curved side-design. With the super slim bezel, the screen is now pushed out to the corners of the phone’s frame, making Samsung able to fit a 5.8-inch display on a device roughly the same physical size as an iPhone 7 — which only has a 4.7-inch screen.

Past the aesthetics alone, Samsung bills the redesign as making the phone more intuitive for use — with more immersive view, less scrolling, and an invisible home button. The phone is waterproof for those out there who want to take pics while swimming (or for those who tend to jump into pools without putting down their

phones first). In an acknowledgment of their Galaxy 7 issues, Samsung also spent a lot of time talking about the various safety quality and control steps they'd built into the process before releasing the new S8 — particularly around the battery.

### That was just the warm-up act.

Samsung pushed the boundaries of biometric security beyond what is out there today — with a nod to the consumer as password. That includes some of what we've seen before — the S8 has a fingerprint scanner (located on the back of the phone) — but it also has some other options. The S8 has built-in Iris Scan as well as facial recognition, so that users can literally unlock their home screen just by looking at it. But the phone itself is only part of the story — what the phone is built to do, and how it does it, were also big players in the show.

### Meet Bixby

The world of voice-activated AI now has Samsung's contribution — Bixby. But Bixby is billed as being a little different from other voice-activated "assistants" in the world today in that in that it looks inward more than it looks outward. Bixby doesn't want to be a consumer's "everything assistant" — if you want to know how tall the Eiffel Tower is, ask Alexa or Siri.

"The persona for Bixby that we're pursuing is a bright sidekick, a much more friendly agent to users," says Dr. Injong Rhee, Samsung's head of research and development for software and services. "Bixby is capable of developing a new interface to our devices, or devices that are going to host Bixby. Our perspective is to make the interface of the phone simpler and more natural to use." That means Bixby is designed to make it easier for customers to "move" around their phone without a lot of navigating because Bixby was built to have context. Bixby, for example, can understand a command to "send this picture to ..." without the user having to open up a lot of apps. If one is reading about a destination in the web browser, then summons Bixby and says, "I want to go here," Bixby gets what the user is talking about because it can "see" what the screen is showing.

Bixby is also built into the phone's camera so that a user taking a picture of an object can be directed to any one of Samsung's merchant partners to buy that item or one that's similar. One of the partners noted on the screen when this was discussed was Amazon. And, notes Rhee, Bixby is designed to tie into Samsung Connect — the one app that ties all of the products in Samsung's ecosystem together so that everything from Samsung's TVs to washing machines is eventually compatible with Bixby integration — all managed from one single dashboard. Apart from tying all of Samsung into one platform, Rhee noted, Bixby and Samsung Connect also create a space to tie non-Samsung products into that ecosystem.



“Having it on other devices, even competitors, is something we have to think about because that’s the future we’re heading towards,” Rhee noted.

### Samsung Pay and Samsung Pass

Also getting a big push on stage yesterday was Samsung Pay, which is now up to 240 million transactions and 870 banks globally. The big news of the day was Samsung’s strategic partnership with Visa Checkout that will allow consumers to shop online at the hundreds of thousands of merchants around the world where Visa Checkout is accepted. Users with fingerprint authentication-enabled Samsung devices will be able to click the Visa Checkout/Samsung Pay co-branded button and touch the fingerprint sensor and the payment will proceed instantly, without needing to enter a user name and password for each purchase.

“The days of filling out long forms or remembering usernames to make online purchases are continuing to wind down, as options like Visa Checkout’s open platform become accessible on hundreds of thousands of merchant sites and companies like Samsung see the value in simplifying the process for both consumers and merchants,” said Jim McCarthy, executive vice president, innovation and strategic partnerships, Visa Inc. “We are excited to extend the benefits of Samsung Pay from the mobile world to now also include online merchants, ensuring customers can pay everywhere Visa Checkout is accepted, on any device and in app.”

To compliment that effort — and to lower consumer friction — Samsung is also working on developing Samsung Pass as a standard universal and interoperable secure log-in to secure sites. Those sites include bank sites, eCommerce sites, and even healthcare sites — anywhere that sensitive information is stored and it is essential to authenticate the consumer with the highest degree of certainty. Samsung Pass partners are banks like Bank of America and card networks like Visa and MasterCard. So did Samsung actually make the ostrich fly yesterday? That remains to be seen. But Samsung certainly did minimally demonstrate that the Galaxy S8 is designed all the way through to deliver on what Samsung says it wants its latest phone to do: “let you do what you want to do, not what we made it to do.” Which is to offer consumers not just a bunch of new ways to use their mobile phone, but to give consumers a tool with which to “unbox” their own thinking about its power to connect them to new experiences, securely, and with minimal friction.

So — evolution or revolution? Consumers get to decide that on April 21st when the phone is released. The real test will be when Apple releases its new handset later this year – and whether consumers and the market say ... “Hmmm, looks just like the Samsung.”

*MasterCard and Visa are members of ACT Canada and speakers at Cardware; please visit [www.mastercard.ca](http://www.mastercard.ca) and [www.visa.ca](http://www.visa.ca).*

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#### **14. GLOBAL PAYMENTS LAUNCHES ENHANCED ECOMMERCE OFFERING IN CANADA**

*Source: Global Payments (04/12)*

Global Payments Inc. announced the launch of an enhanced ecommerce payments management offering for Canada. Leveraging the company's Realex ecommerce technology, the platform provides a range of cloud-based, software enabled technology services for both large and mid-sized businesses to enable them to accept payments online, as well as via phone, mail, email or mobile devices.

This new offering by Global Payments offers merchants mobile optimization and digital wallet support, consolidated payment acceptance, batch and recurring payment solutions, as well as enhanced fraud tools and analytics. With a range of integration options, merchants can be up and running in as little as five minutes and can leverage the hosted payment solution to help reduce PCI compliance requirements. The solution is pre-integrated with a wide range of platforms and shopping carts for a fast and seamless set-up across multiple payment channels.

"As we continue to broaden our selection of innovative payment solutions, we're pleased to offer Canadian businesses an enhanced ecommerce solution with a new suite of leading payment functionality," said René Bélanger, President of Global Payments Canada. "We are offering customers a flexible and customizable, easy-to-integrate payment management solution, designed to help them grow their businesses."

"We are thrilled to expand our ecommerce capabilities, addressing both simple and complex payment requirements in Canada and further enhancing our regional ecommerce and omnichannel offerings," said Jeffrey Burke, President of Worldwide Ecommerce for Global Payments. "The expansion of the Realex ecommerce technology to Canada, and other major markets around the world, allows our customers the unique opportunity to leverage Global Payments' unmatched worldwide presence to enter new markets and expand their global businesses."

*Global Payments Inc. is a member of ACT Canada; please visit [www.globalpaymentsinc.com](http://www.globalpaymentsinc.com).*

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#### **15. PAYPAL AND GOOGLE HAVE NEW DIGITAL WALLET PARTNERSHIP**

*Source: San Francisco Chronical (04/18)*

PayPal and Google deepened their relationship with a new agreement that enables payments from PayPal accounts with the tap of a phone at thousands of new retail locations.





The partnership lets PayPal users link their accounts to Android Pay, Google's digital wallet, on smartphones running most versions of the Android operating system. This makes PayPal a funding option when people use Android Pay in locations including Walgreens and Dunkin' Donuts. PayPal was added as a payment method for Google Play, its app and digital content store, almost three years ago.

PayPal CEO Dan Schulman has been busy cutting deals with banks, credit card issuers and wireless carriers to convert PayPal from a payments button on websites into a versatile financial tool used to make payments in stores, transfer money overseas and shop from smartphones on the go. The Android Pay deal increases PayPal's reach in stores, which Schulman sees as key to getting customers to use PayPal more frequently than the current average of two to three transactions per month.

"This is the next logical step," said Aunkur Arya, senior vice president at PayPal unit Braintree, which enabled the Android Pay partnership. One big challenge remains: PayPal accounts can't link to Apple's digital wallet, Apple Pay. The stronger relationship between Google and PayPal could rekindle speculation about an acquisition. PayPal split from parent company eBay two years ago, prompting hope it could be a target of tech companies or financial institutions looking to enter the digital payments industry. PayPal processed \$354 billion in payments for 197 million active customers last year.

"The more closely they work together, the more potential there is for a future combination," said Gil Luria, director of research at D.A. Davidson & Co. PayPal declined to comment on takeover talk, while a Google spokeswoman wasn't available to comment. Shoppers accustomed to swiping credit cards have been slow to embrace digital wallets, which use technology called near-field communication to enable transactions between smartphones and retail payment terminals. The PayPal deal may boost Google's mobile payments efforts, which have progressed in fits and starts. The search giant's Google Wallet failed to gain widespread acceptance, and its Android Pay faces competition from Apple. Two years ago, Samsung, the largest Android phone maker, introduced its own payment system, Samsung Pay, for its devices.

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## **16. UL'S BRAND TEST TOOL EXPANDED TO INCLUDE UNIONPAY INTERNATIONAL QUICKPASS TERMINAL TESTING**

*Source: UL (04/10)*

UnionPay QuickPass is a standard UnionPay chip product, based on the PBOC contactless payment specification that supports both debit and credit functions. With UnionPay QuickPass acceptance increasing worldwide, UL is proud to extend the UL Brand Test Tool's terminal testing functionality to support UnionPay QuickPass. Clients are ensured interoperability and an EMV-compliant,



UnionPay-certified terminal that can perform transactions within the infrastructure effectively. The UL Brand Test Tool is the most complete test tool for Acquirers, Acquirer Processors, Merchants and Terminal Vendors that want to validate payment devices to be included in the major payment networks, including the global UnionPay payment network.

“Time between development and introduction of alternative payment methods is shorter now – making it a very exciting time for consumers, but a challenge for our clients to keep up with new security standards and requirements. We are pleased to have increased the scope of UnionPay’s qualification for our UL Brand Test Tool with QuickPass. This is a timely addition for our clients, especially with the increasing global implementation of UnionPay QuickPass” commented Jean-Luc Khaou, Managing Director Asia Pacific at UL’s Transaction Security division.

UL strives to safeguard security, compliance and global interoperability within the world of digital transactions. With almost 20 years’ experience in test tool development, ensuring trust in transaction security technology, UL has helped clients from mobile, payment, transit and e-identification domains. To meet specific customer needs, UL offers customization of test tools and development of custom made software in addition to its standard test tools.

*UL is a member of ACT Canada and a speaker at Cardware. UnionPay is a member of ACT Canada and a sponsor at Cardware. Please visit [www.ul-ts.com](http://www.ul-ts.com) and [www.unionpay.com](http://www.unionpay.com).*

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## **17. UK CALLS FOR GLOBAL FINTECH REGULATIONS**

*Source: Finextra (04/11)*

The UK's Financial Conduct Authority (FCA) has called for an international regulatory framework to be applied to fintech startups in order to prevent a 'Wild West' approach to governance of the sector.

In particular, the FCA is concerned that as different jurisdictions compete for fintech business, regulatory standards could suffer - not least in terms of the number of regulatory 'sandboxes' employed by different watchdogs, all with their own rules and standards. The comments were made by Christopher Woolard, the FCA's head of strategy and competition, at the Innovate Finance Global Summit in London on Monday. The UK was the first to develop a sandbox for fintech startups back in 2015, providing banks and startups with a 'safe space' in which to test new products and services, free from normal regulatory constraints

The concept has been widely copied by other jurisdictions, prompting Woodard's concern that "a Wild West version could emerge which runs entirely counter to our ambitions" and risks "diminishing outcomes for consumers".

"We also believe that a sandbox that fails to prepare firms to join the regulated market will not foster firms that succeed long-term", added Woolard. "We also see potential risks to the reputation of and trust in financial innovation if there are examples of global failures in the future." The FCA accepts that there is unlikely to be one standard that fits all but building "common understanding and stronger international co-operation" around innovation will "help secure the long-term future of the industry" said Woolard, adding that the UK will be working with both the G20 and IOSCO to develop more global consensus around the issue.

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## **18. FIME SUPPORTS BKM TO DEVELOP TURKEY'S FIRST DOMESTIC PAYMENT SCHEME**

*Source: FIME (04/19)*

FIME announces its central role in the development and rollout of Turkey's first domestic scheme, TROY (Turkey's Payment Method). TROY is a strategic initiative supported by all Turkish banks and managed by BKM (Interbank Card Center of Turkey). FIME was selected by BKM in 2015 to provide consultancy and training at the launch of the project. FIME was then engaged to define the scheme's technical specifications, develop the certification body and process, and define test tools prior to the commercial launch of the new scheme for contact payments in April 2016. This was followed by the successful launch of contactless payments in April 2017.

FIME's test tools are qualified, and laboratories accredited, to support Turkish issuing and acquiring members in integrating with the scheme and launching TROY products and services. FIME is also working closely with payment terminal manufacturers and kernel developers to develop and certify TROY-compliant products.

"We decided two years ago that the time was right and FIME treated us like a scheme from the start," comments Cenk Temiz, Executive Vice President for Card Payment Systems, at BKM. "Its consultancy, training and local support guided us through the whole process and we successfully launched the second phase of the scheme in April. We look forward to building on our close relationship as we work to drive adoption of contactless and, in time, mobile payments in Turkey."

"The Turkish market is evolving quickly and the development of a local scheme adds real value to an increasingly sophisticated payments infrastructure," comments Arnaud Peninon, Vice President, Consulting & Engineering at FIME. "Having been central to the entire project, we are now ideally placed to help issuing and acquiring members to support the scheme. With contact and contactless card payment options already enabled, we are now working with BKM to enable secure mobile contactless payments for Turkish banks and consumers."



FIME uses its TROY-qualified EVAL, Savvi, Global and PersevalPro Issuer test tools to provide formal certification testing. The tools are available to all stakeholders for in-house pre-certification testing to identify and prevent issues that can delay launch.

*FIME is a member of ACT Canada and an exhibitor at Cardware; please visit [www.fime.com](http://www.fime.com).*

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## **19. DANCING HUMANOID ROBOT ROLLS IN TO CALGARY BANKS**

*Source: CBC (04/25)*

The next time you walk into an ATB branch, you could be greeted by a four-foot tall dancing humanoid robot named Pepper. The companion robot, created by Softbank Robotics America, is the first of its kind capable of recognizing human emotion, and this is Pepper's first foray into the Canadian market. Beginning in May, Pepper will roll out in Calgary — first at the Chinook Centre ATB branch, followed by Eighth Avenue Place and then the Stephen Avenue Centre branch in July.

ATB aims to use the robot to draw more people into the bank and provide them with a fun and engaging experience that keeps them coming back, said Sandi Boga, senior manager of innovation. Pepper's interactions will be fairly basic at first. The three-wheeled robot will be able to dance, recommend products and services, pose for selfies and interact with people via a mounted touch screen tablet, or verbally in several different languages. As we're welcoming new Canadians, she can actually help them break through some of the early barriers they might have when they're setting up their first account in Canada, for example," Boga said. But ATB has hinted that Pepper's functionality could eventually be expanded by connecting it to an artificially intelligent system. This would allow the robot to perform biometric authentication via the camera installed in its head, making it possible for Pepper to address customers by name and provide them with personalized banking recommendations based on their stored customer information.

Not to replace staff, says ATB. ATB Financial says it partnered with SoftBank Robotics America after customer research found many people carry a lack of trust and high levels of discomfort in dealing with the banking industry. "We found out that there's some people who don't really love banking, and don't love coming into banks," Boga said. "We want to bring happiness to people using banking," Boga said Pepper "certainly won't replace anyone's jobs." The robot is meant to free up staff so they can engage on a more personal level with customers, said Bill Lott, global project manager with SBRA.

"Pepper is not designed to take away any jobs. In fact, she's best used to do repetitive, mundane tasks that humans may not want to do," he said.



*ATB Financial will be speaking at Cardware on the Customer Obsession - visit <http://cardware.ca/cardware-program/> for more details.*

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## **20. AMERICAN EXPRESS PREVIEWES NEW AMEX BOT FOR MESSENGER FEATURE AT FACEBOOK’S F8**

*Source: Let's Talk Payments (04/19)*

Today at F8, Facebook’s annual global developer conference, American Express announced an updated Amex bot for Facebook Messenger enhanced by artificial intelligence and servicing technology, which will be available in the coming months. The updated Amex bot for Messenger enables eligible US Consumer and OPEN Card Members to get on-demand answers from the Amex bot for Messenger to answer certain queries related to their account and card information.

“Because of its scale, Messenger is an excellent platform to extend our conversational servicing technology to allow card members to interact with us how and when they want,” said Luke Gebb, Senior Vice President, Enterprise Digital, American Express. “We are continuing to invest in our partnership and evolve the features of our Amex bot for Messenger to deliver more value to our card members. We’re doing this by combining the real-time nature of Messenger with American Express’ rich history as a trusted service company.” The new Amex bot for Messenger feature is a resource for card members looking for quick answers to commonly asked questions. American Express designed the updated Amex bot for Messenger by identifying the questions frequently asked by its card members in this channel. American Express’ servicing technology uses artificial intelligence and machine learning to better serve card members in environments like Messenger, and will learn and improve over time.

The following are examples of the types of prompts card members will be able to use to spark a conversation with the Amex bot for Messenger:

- “What is my balance?” triggers a real-time balance update.



- “What is my Membership Rewards balance?” triggers a real-time Membership Rewards points balance update.
- “I have a question about a pending charge” provides information about different types of pending charges.

The new update adds to the initial set of features that the Amex bot for Messenger originally launched with in August 2016, including real-time purchase notifications and important information about card benefits and services related to those purchases. In December 2016, American Express also launched an “Add a Card” feature, facilitating eligible card members to add their card and billing information on file with Facebook to easily make purchases on Facebook. To enable the Amex bot for Messenger, card members can connect an eligible card to Messenger at [m.me/AmericanExpressUS](https://m.me/AmericanExpressUS) by using their AmericanExpress.com user ID and password. Card members can easily add their card to Facebook by choosing to do so when connecting their eligible card to Messenger. American Express has worked closely with Facebook to ensure that the data of its card members is adequately secure and protected.

*American Express is a member of ACT Canada and a Cardware sponsor; please visit [www.americanexpress.com](http://www.americanexpress.com).*

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## **21. GEMALTO ACCELERATES IOT ADOPTION AND INNOVATION IN JAPAN**

*Source: Gemalto (04/03)*

Gemalto announces it has been selected by SoftBank Corp. ("SoftBank") as a partner for On-Demand Connectivity (ODC) services enabling both consumer and industrial machine-to-machine (M2M) IoT connectivity and deployment of value added applications and services. Under the collaboration, Gemalto will supply its Remote SIM Provisioning platform, allowing SoftBank to remotely manage initial connectivity and subscriptions throughout the device's lifecycle. This will give the Japan based mobile network operator a competitive edge in connecting expanding digital devices, such as connected cars, wearables, traffic monitoring systems, or smart meters. Gemalto's subscription management platform also eliminates logistics hurdles for OEMs, mobile operators and service providers, and enhances the user experience over the long haul.

IoT has been experiencing great momentum in Japan since the formation of the IoT Acceleration Consortium. According to the Japan External Trade Organization (JETRO), domestic IoT revenue is forecast to reach US\$130 billion<sup>[1]</sup> this year, with a compound annual growth rate (CAGR) of 11%. JETRO expects IoT expenditures and investments in Japan to cross the US\$100 billion mark by 2018, growing at a 17% CAGR. The present top-spending sectors are manufacturing, transportation, and utilities.



"Gemalto is a tier one strategic partner with whom we have worked on many other successful innovative projects. With the industry fast moving to IoT, Gemalto's rich and wide-ranging portfolio of IoT products and solutions made it a natural choice for us," said Hironobu Tamba, Division Head, Service Platform Strategy & Development Division of Softbank. "As the number of connected devices grows each day, and the demand for flexibility and seamless user experience soars, we believe ODC is a game-changer for the telecommunications industry."

"SoftBank is a global leader and key innovator in the mobile and IOT ecosystem," said Sashidhar Thothadri, Senior Vice President, Mobile Services & IoT, South Asia & Japan at Gemalto. "We are very excited to be selected by SoftBank for this prestigious program and with our experience of deploying more than 20 projects worldwide, we are confident of delivering a solid platform to boost new revenue streams and create a unique and valuable experience for customers."

[1] Source: JETRO

*Gemalto is a member of ACT Canada, as well as a speaker and sponsor at Cardware; please visit [www.gemalto.com](http://www.gemalto.com).*

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## **22. AN INCONVENIENT APPLE PAY TRUTH**

Source: *PYMNTS.com (04/10)*

Let me tell you a story about global warming and mobile pay — Apple Pay in particular — and what they have in common. Let's start with Al Gore. Al Gore's interest in global warming started when he was an undergrad at Harvard University.

While there, he studied with a professor who was one of the first, in 1957, to measure carbon dioxide levels in the Earth's atmosphere. That body of work suggested that global warming was the likely future result of the oceans' inability to absorb excess levels of CO<sub>2</sub> generated by the projected growing use of fossil fuels. Fossil fuels — such as coal, natural gas and oil — generate nearly 90 percent of all human-produced CO<sub>2</sub>. That topic, and Gore's interest in environmental issues more broadly, became the cornerstone of his career as a senator and his legislative agenda as President Clinton's VP — with mixed success. The data backing up his claims was challenged and politicized by growing concerns over job losses at home and possible trade wars with developing nations that were among fossil fuel's heaviest users.

Gore's 2006 movie, *An Inconvenient Truth*, was his attempt to take his story to a different audience — the lay consumer. In it, he shares the data used to

support the same environmental concerns and likely “planetary emergency” that he had begun raising 17 years earlier.

“I’ve been trying to tell this story for a long time,” Gore says at the beginning of the movie, “and I feel as if I’ve failed to get the message across.” It’s a message he continues to share every opportunity he can — now with new data points to support his thesis. As our keynote speaker at our first Innovation Project 2013, Gore managed to traverse the connection between commerce and global warming. His exchange with Russell Simmons that year on the topic sort of brought down the house. You had to be there.

In the ten years since Gore’s crusade, consumers and innovators alike have taken his call to action to heart and have done everything from paying more attention to recycling, to pouring investment capital into renewable energy and electric cars. The “inconvenient truth,” though, wasn’t so much the story Gore was telling — and had been for many years — but the broader conversations that it started and the realities that very powerful stakeholders were forced to address as they listened. Which brings me to Apple Pay and The Wall Street Journal’s article last week on its hype not living up to its hope, 2.5 years after its launch. The WSJ’s article is dated April 6, 2017, and cites Apple Pay’s struggle to get adoption because of consumer concerns about security and sales clerks’ confusion over how to instruct consumers to use it.

Better 30 months late than never, I suppose, and somewhat ironic to have this story told now by one of the outlets that helped to fuel its hype, even after it became increasingly clear that the bloom was falling off the Apple Pay rose – and not long after its start. Just three weeks after we released our latest quarterly mobile payments adoption study results, it was made astonishingly clear that the already disappointing Apple Pay performance was being taken to a new level: Consumer adoption and usage moved from flatline to decline. Coincidence? Or is it simply impossible not to tell the non-hyped Apple Pay story any longer? You decide.

### The Inconvenient Apple Pay Truth

Despite being the most adopted general purpose instore mobile wallet in the market, our research over the last 2.5 years suggests that Apple Pay isn’t used much. Consumer adoption — consumers with the right phones and the app in a store that accepted it and who tried it once peaked in March of 2016. Consumer usage — consumers with the right phones and the Apple Pay app shopping in stores that accepted it and who used it more than once peaked in March of 2015. Nearly 49 percent of Apple Pay users (48.6 percent) told us in March of 2017 that the reason they don’t use Apple Pay is because they’re happy with their existing payments methods — up from 37 percent two years earlier.





And even though we've seen a slight uptick in security concerns (15 percent in March of 2015 to 20 percent in 2017), we've also seen steady declines in users telling us that their reasons for not using the app have little to do with knowing they can or how to do so in the store. After watching what consumers do and reporting what they've said for the last 2.5 years, we can also safely conclude that Apple Pay's lack of usage isn't for the reasons the WSJ's story cited, either — it's not because consumers don't think it's safe to use Apple Pay or they are confused about whether they can. And, at least in the stores in which I've shopped, sales clerks seem well-versed and helpful.

What we see from our data is that consumers with phones that have the Apple Pay app and who shop in a store that accepts it know they can use it, know that it will work and 80 percent of them feel safe doing so. They just think what they're using instead — the dowdy plastic card — is just fine — and have decided not to use Apple Pay.

They've simply chosen not to use Apple Pay.

For Apple Pay, that means that the storyline can no longer be “just give it time and consumers will come around.” The inconvenient Apple Pay truth is that not enough consumers see the value in it, so 19 out of every 20 people who could use it don't even bother anymore. No consumer interest means no merchant interest. No merchant interest means no partner interest to prioritize Apple Pay over something else — at a time when partners have plenty of other options. All of this, of course, is coming at the most inconvenient time of all for Apple Pay — when contract renewals for the app are being re-upped. Apple is hoping the banks don't turn the negotiating tables on them and pull, well, an Apple.

An Inconvenient Truth: The Hype Machine Is FINALLY Slowing Down

Now the WSJ weren't the only ones to jump onboard the Apple Pay hype machine in its early days — as they aptly reported in their story, it was in overdrive from the very beginning. This is why we decided to track, as accurately and consistently as we could, Apple Pay adoption and usage from its earliest introduction into the market. At its launch, Apple Pay was clearly the mobile payments shot heard 'round the world,' and we wanted to see how consumers would respond — especially those critically important early adopters with the potential to drive its critical mass.

Our quarterly studies, done since November of 2014 in collaboration with InfoScout, didn't simply ask consumers what they might do, but observed what consumers with the right phones shopping in the right stores did the moment a transaction was completed. Did they or didn't they use Apple Pay for that transaction, we wanted to know — and we asked enough consumers every quarter to make it credible: some 4,000 consumers every quarter and in March of 2017, just shy of 8,000 consumers. We reported results every time we did those studies

— and we did those studies eight times. In between, we wrote a raft of commentary highlighting Apple Pay’s growing headwinds.

It’s why we could report, with confidence, two years ago, that the Apple Pay adoption was a very slow roll – that now seems to be moving backwards. And its device/technology-driven (not app/cloud driven) everywhere in the U.S. strategy created obstacles for consumers and merchants from the start. Not enough people with handsets and devices and not enough of a concentration of places to use it created an ignition problem of massive proportions that even the biggest technology company in the world would have a hard time overcoming. Critical mass and scale are the lifeblood of payments innovation — Apple Pay set itself up to deliver neither.

But the root of Apple Pay’s ignition problem wasn’t only that. Its failure to solve a pressing consumer problem in a market where payment via a plastic card works fine every single time that a consumer walks into any store and up to a countertop terminal to pay became its Achilles’ heel. Red flags that we talked about from the start. There’s even a whole chapter in *Matchmakers: The Economics of Multisided Platforms*, published in May 2016, that takes you through a powerful lesson in platform ignition failure, using Apple Pay as the case study. After the initial “gee whiz” of the early adopters wore off, Apple Pay began experiencing the adoption/usage decline that has accelerated since March of 2015. And now, everything’s different.

### The Inconvenient Truth: Apple Pay’s Share of Spend Is Low

The WSJ, in their story, featured quotes from Eddy Cue, the Apple SVP who looks after the services side of the business of which Apple Pay is a part. He was quoted as saying that Apple Pay “will eventually replace cash, debit and credit cards as the primary payment system.” What Cue didn’t offer were numbers — number of users, share, of spend, transactions and, most importantly, dollar volume — which would help to support his claims. Aside from the vague “users and transactions increasing five and sixfold” that we’ve heard repeatedly in earnings calls, we’ve never seen anything specific publicly shared by Apple on Apple Pay. We thought we’d update some of our back- of-the-envelope calculations about adoption and usage and share of spend – and here’s where we come out based on our data set. We admit, these are crude, and would be a lot better if Apple released real data. But here goes.

### Number of Apple Pay Users

In the U.S., there are 207.1 million smartphone users, and 44.5 percent of those users — or 92.5 million — own iPhones. Of those, 74.1 percent own a handset capable of supporting Apple Pay (6 and higher). Our Apple Pay survey tells us that 21.9 percent of that subset of iPhone users have actually tried Apple Pay, so the number of iPhone users who have tried Apple Pay once is 15.0 million.



In terms of regular users, again from our study, we know that 18.4 percent used it more than once. That puts the pool of regular Apple Pay users using Apple Pay in physical stores at 12.6 million.

That's 12.6 million active users after 30 months in market.

### Apple Pay Share of Spend

Here are a few assumptions that we've made:

- We know that stores Apple reports as accepting Apple Pay have \$420 billion in annual sales. We come to that number by acknowledging that \$392 billion is derived from the stores who are part of the Top 100 retailers — the rest is an assumption based on remaining spend at other smaller merchants.
- We assume that people using the Apple Pay app in those stores spend, on average, what other consumers spend.
- Using that \$420 billion, we start doing the math:
  - 1) 1 percent of people have iPhones, and 74.1 percent of those have iPhones that work with Apple Pay, which means that 32.7 percent of people have the right kind of iPhone with the right handsets. Multiply that by \$420 billion in sales and that equals \$137B of potential sales by Apple Pay users.
  - 2) We know from our data that Apple Pay is used in 4.03 percent of all eligible transactions. That means that Apple Pay is driving \$5.5 billion in transaction volume, exclusive of motor vehicles and gas stations. That's about .10 percent share of retail spend.

We can push the assumptions around here and there, but no matter how you cut the data, using any number of assumptions — and based on a data set that reflects 2.5 years of consistently surveyed consumers about their Apple Pay usage — Apple Pay's share of retail spend appears to be really small. If it were bigger, more merchants would be doing more to accept Apple Pay, and more of them would be doing more to drive consumer usage. I've heard more than one large merchant tell me that given its low usage and low share of spend, they're either not as interested in making Apple Pay a priority and/or see no reason to promote its usage in favor of other methods that can drive incremental usage by adding more consumer and merchant value.

If Apple Pay's share of spend were larger, we'd know — because Apple would tell us. At the end of March, Apple released data on the success of Beats, and in December, Eddy Cue told the media that Apple Music was well past 20 million users. There have only been crickets when it comes to Apple Pay and reporting data on Apple Pay usage — even as recently as last Thursday. Apple Pay data may be the most closely guarded Apple secret since the invention of the iPhone.



## An Inconvenient Truth: Time Is a Currency That Matters

Cue, in his interview with the WSJ, posed the question whether it “matters if [Apple Pay] gets there in two years, three years or five years? — Ultimately no,” he was quoted as saying. As all of you students of platform ignition know, time really does matter, especially in the dynamic payments space where time is perhaps one of the most critical currencies there is. The longer it takes to get traction, the more risk there is that someone or something else will — and at your expense. Especially when you’re nearly three years in and not much has happened to move the needle in any meaningful way. And when you’re trying to convince banks to stick with you and keep paying. And make the case to the investor community that you’re going to rock it with services revenue that’s predicated on Apple Pay being a bit hit and taking 15 percent from issuers.

And when foot traffic in physical stores — where you’ve staked your claim — is cratering at the same time online payments have exploded, including the use of apps to pay for things that consumers would usually purchase in physical stores. While Apple Pay was working hard to sign up in-store merchants, cloud-based apps were busy signing up merchants in segments where feet were going inside physical stores and leveraging their cloud-based roots to get traction by offering consumers the chance to save time by ordering and paying for something in advance. And getting acceptance online. And when other players have used those 30 months to build a consumer base that they can take to merchants desperate for shoppers and spend. And when online acceptance marks are publicly disclosing the number of users that they have onboard, and cloud-based mobile wallets with a broader value proposition are too — and appear to be soundly eclipsing the Apple Pay user base.

And when consumers, including the early adopters who’ve given up using it with regularity, are now presented with other options in other channels where they’ve formed their own shopping habits over the last 30 months, and that Apple now must work very hard to bring onboard. And when the ecosystem of payments sees that Apple, by virtue of its experience with Apple Pay, has lost some of its power to drive deals and hard bargains from the position of strength that it had this time three years ago. Back in 2014, Apple could demand 15 basis points from banks that were hoping to get on the fast-moving Apple Pay payments innovation train. Right now, large banks have a pretty strong case for reversing the deal with Apple — and even ask Apple to pay them a few basis points for providing access to their cardholders. The inconvenient Apple Pay truth is that if Apple is really playing the long game, they might have to be willing to pay for it. And, while they’re at it, give merchants some incentive to push it. Let the next three years of Apple Pay payments begin — without the hype this time.

These statistics were originally presented on March 15th at Innovation Project 2017 by Karen Webster, CEO at PYMNTS.com.

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### **23. MASTERPASS-ENABLED BOTS LAUNCH ON MESSENGER WITH FRESHDIRECT, SUBWAY AND THE CHEESECAKE FACTORY**

*Source: MasterCard (04/18)*

At the Facebook Developer Conference, MasterCard announced Masterpass-enabled bots to drive more seamless shopping on Facebook Messenger with FreshDirect, Subway and The Cheesecake Factory. The bots leverage artificial intelligence (AI) technologies to enable consumers to interact with the merchant brands, build their order and securely checkout via Masterpass, all without leaving the Messenger platform.

Masterpass-enabled bots work across multiple verticals – from restaurants to retail – making conversational commerce frictionless while delivering a more personalized experience. The bots allow consumers to engage with brands in new places where they are already spending their time, as messaging apps and platforms like Messenger currently represent many of the top 10 global apps used by billions of people worldwide. The bots will also support all Masterpass-enabled wallets from banks including Citi and Capital One.

“The MasterCard vision is to support all forms of commerce – addressing the full range of merchant experiences and consumer needs, and ensuring that every one of our accounts is as digital as the people using them. Masterpass-enabled bots on Messenger offer both merchants and consumers innovative, compelling and secure digital payments on an extremely popular and active platform,” said Garry Lyons, Chief Innovation Officer, MasterCard.

- FreshDirect – FreshDirect is an online fresh food grocer delivering to residences and offices throughout seven states, including the New York City and Philadelphia metropolitan areas, and the District of Columbia. Working with MasterCard, FreshDirect now makes it easy for customers in those markets to browse, shop and purchase their groceries directly within Messenger.

- Subway – Subway restaurants, the world’s largest restaurant brand, is launching a bot for Messenger that enables guests to order a sandwich or salad with their choice of fresh vegetables, cheese, sauce and toppings as well as chips, cookies and drinks. The bot deployed today to more than 26,500 Subway restaurants in the U.S. Guests can checkout securely using Masterpass.

- The Cheesecake Factory – Consumers looking to purchase personalized gift cards can now do so simply with just a few clicks and keystrokes within Messenger. To enable this, The Cheesecake Factory uses CashStar’s real-time gifting capability, which instantly approves and activates gift cards. The Cheesecake Factory is the first brand in CashStar’s portfolio of leading merchants, retailers and restaurants to implement the bot capability for Messenger.



## Masterpass-enabled Bots on Messenger Drive Conversational Commerce

“We are thrilled to partner with MasterCard to deliver a conversational shopping experience, offering our customers a new option to seamlessly shop for groceries,” said FreshDirect CEO and co-founder, Jason Ackerman. “As a food tech company, it’s our mission to keep fresh at everyone’s fingertips. By harnessing the power of Messenger, we’re able to engage with our customers on a platform that fits their lifestyle and allow them to easily shop FreshDirect as well as collaborate on carts with family and friends.”

“Our bot for Messenger, deployed in more than 26,500 U.S. Subway restaurants, is the largest deployment of a Messenger bot in the restaurant industry. We’re proud to offer our guests an innovative new way to order and pay outside the restaurants,” said Carman Wenkoff, Subway’s Chief Information and Digital Officer. “This is a new initiative in the quest to enhance the guest experience.”

“The Cheesecake Factory is known for delicious, memorable food and wonderful hospitality, and we are always looking for ways to further enhance our guest experience,” said David Gordon, President of The Cheesecake Factory Incorporated. “Through this commerce-enabled bot we are able to leverage a new engagement channel with our guests. The bot experience delivers the convenience of customizing a gift card through Messenger integrated with Masterpass payment functionality to enable a simplified checkout experience.”

Earlier this year, MasterCard opened up its experimental Masterpass Chatbot API on the MasterCard Developers platform to help merchants begin to test the technology and enable commerce within their own branded solutions across multiple channels and digital platforms. MasterCard and Turkish mobile retailer Getir developed a Masterpass-enabled bot that allows consumers to shop and pay for more than 600 everyday items within Messenger, receiving guaranteed 10-minute delivery of their purchased goods.

“We are thrilled that MasterCard, in partnership with FreshDirect, Subway and The Cheesecake Factory, now offers Masterpass-enabled bots for use on Messenger. Building automated and AI-driven capabilities like bots to conduct commerce will make it easier than ever to interact with people in new, engaging ways,” said David Marcus, Vice President of Messenger.

*MasterCard is a member of ACT Canada and a speaker at Cardware; please visit [www.mastercard.ca](http://www.mastercard.ca).*

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Our members' world is all about the evolution of payments and the ever increasing importance of digital identity. Since 1989, we have attracted new and established players from every corner of the global market: issuers, acquirers, merchants, payment networks, and those who support them with products and services. We bring people together at more than 40 events and meetings annually, including forums where members resolve targeted issues and identify opportunities. In a world awash with information overload, we create clarity by connecting people, enabling dialogue and driving insights. Please visit [www.actcda.com](http://www.actcda.com) or contact our office at 1 (905) 426-6360.

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