



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

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## **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.

### **PAYMENTS BUSINESS** - *Media Partner*

## **New and Renewing Members**

### **Principal Member**

Scotiabank ~ member since 2013



### General Member

ACCEO Solutions Inc. ~ member since 2010  
B2 Payment Solutions ~ member since 2014  
DC Payments ~ member since 2010  
Ethoca ~ new member  
UnionPay International ~ member since 2015

### Associate Member

Lorna Johnson ~ member since 2015

## 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

### Trusted Execution Environment (TEE): Connected Device Security for Today and Tomorrow

October 13, 2016

Santa Clara, CA

<http://www.globalplatform.org/TEEevent/>

*ACT Canada members receive discounts (guaranteed early bird rates even after it expires)*

### IVIES Awards Gala

October 19, 2016

Toronto, ON

<http://www.actcda.com/ivie-awards.html> - submit your nominations now!

*Event registration will open in July - ACT Canada members receive discounts*

### Money 2020

October 23-26, 2016

Las Vegas, NV

<http://www.money2020.com/>

*ACT Canada members receive discounts*

Stay tuned for details on our Fall Cardware Connections!

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## Articles

### 1. EDITORIAL - MAKING A DIFFERENCE

Source: Catherine Johnston, CEO, ACT Canada (06/30)

How many times in your life have you made plans that were derailed by someone else, for no other reason than they didn't know about, or didn't understand your plans? It happens to all of us. Why don't we just talk to each other more often? Well.... in the business world that isn't always easy. For one thing, you don't always know who to talk to in another organization. Your peer there may not have the same title. If there is an operator answering the phone, that person may not be helpful in connecting you with someone unless you already know their name. Then there is the issue of rank. While it is usually easy to speak with people who are on lower rungs of the career ladder, it is harder to reach those above you.

Let's say that none of these is holding you back. Career focused people are leery of external competition and sometime even of internal groups. Rather than determine what is or isn't competitive, it is easier to simply decide that no communication should happen between certain groups. Last, but not least, is the belief that others don't need to be "in the loop". All of this is understandable, but not defensible when things go wrong. Trust me when I say that a senior executive or board member will say, "What do you mean, you didn't know this. It has cost us money, time and reputation!"

In payments, many stakeholder groups have a lot in common. Earlier this month we invited issuers and merchants to breakfast at Cardware. They talked about some upcoming issues that could impact both groups. They learned more about each other's payment processes. They left understanding the benefit of sharing information with each other. ACT Canada will schedule more of these opportunities to meet because they help both stakeholder groups and as a result, the market in general. Merchants and acquirers jointly learned more about biometric authentication and then discussed how this might impact their payment processes. Later this quarter issuers and payment networks will be invited to join them in a discussion so that all parties understand both the goals and impacts.

I believe that everyone in payment wants the same thing; secure and cost effective payment. ACT Canada connects people to enable dialogue and drive insights. Join us as we act on behalf of our members.

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## 2. CARDWARE DELIVERS ACCORDING TO DELEGATES

Source: ACT Canada (06/30)

How would you feel if there were FIVE competing events for the conference you had to run! As we heard about each new competing payments or digital ID event we wondered about its impact, but the numbers are in and we are pleased. We had 95% of last year's attendees and that bodes well for next year.

**NEW** - next year we will be moving our dates to the first week of May, so mark your calendars. Delegates rated the conference value at 4.2 out of 5, consistent with previous years and speakers rated from 3.58 to 4.69. Thanks to our speakers, sponsors, exhibitors and delegates!

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## 3. MOBILE PAYMENTS COME TO CANADIAN CREDIT UNIONS

Source: *Financial Post*, by Claire Brownell (06/29)

Four Canadian credit unions now allow customers to make mobile payments, powered by the debit service Interac. Starting Tuesday, customers of Saskatchewan's Affinity Credit Union and Conexus Credit Union, B.C.'s First Western Credit Union and Ontario's Meridian can use their smartphones to pay for goods and services at retailers displaying the Interac Flash logo. Any customer who has downloaded a credit union's mobile banking app can make a direct debit payment from a checking account by hovering the screen of a mobile device above a retailer's payment terminal. Gary Genik, chief information and technology officer at Meridian, said Canada's credit unions are introducing Interac mobile payments in an ongoing effort to offer innovative, easy-to-use payment options.

"It's all about trying to provide our members with the convenience of doing payments more easily," he said. "Debit is the preferred method and it's the most convenient for them. There's no extra app, there's no additional cost." In February, Interac launched the Token Service Provider (TSP), which is software that makes mobile payments possible. The Interac TSP uses an identifying token to make the transaction instead of the customer's account information for security and privacy. The Canadian Credit Union Association expects most of its larger members to offer Interac mobile payments by the end of the year. Genik said Canadian credit unions are also hoping to offer mobile payments using credit cards and third-party services like Apple Pay soon. "Hopefully, without giving too much away, we'll be in market later this year with more announcements for our members," he said.

*The Canadian Credit Union Association and Interac Association are members of ACT Canada; please visit [www.ccu.com](http://www.ccu.com) and [www.interac.ca](http://www.interac.ca).*

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#### **4. NANOPAY ANNOUNCES THE DEPLOYMENT OF MINTCHIP DIGITAL CURRENCY**

*Source: nanoPay (06/21)*

nanoPay Corporation, a fully-integrated loyalty and payments platform provider, announces the first commercial deployment of MintChip, the regulator-friendly digital cash platform designed to be a safe, secure and fast way to send money and pay merchants. Beginning today, all Canadians can download and use MintChip to send and receive digital cash with friends and family for free through secure person-to-person (P2P) payments. Consumers shopping or dining at participating merchants in the Toronto's Liberty Village neighbourhood can also pay for goods and services with MintChip. "Canadian consumers and businesses have an opportunity to be the first to experience the benefits of MintChip digital cash," said Laurence Cooke, CEO and founder of nanoPay. "Whether sending money to a friend or paying in-store, MintChip provides Canadians their first glimpse of a cashless society."

From now until Labour Day, anyone visiting the Toronto area can use MintChip to pay at the following Liberty Village locations. Each customer will receive 20% cashback on all purchases made with MintChip, up to a total value of \$50, and will be entered to win MintChip cash prizes every time they use MintChip for P2P or merchant payments. Locations include: Brazenhead, Bugigattolo Kitchen, Ciao Europa Café, For the Love of Cake, Freshii, Home Hardware, Joker Café, Liberty Village Rotisserie, Merci mon Ami, Nutrition House, Raaw Japanese Sushi, Smooth Wax Bar, Suzanne Gardner Flowers. MintChip enables consumers to safely store and move cash digitally. MintChip transfers value by creating a digital representation of cash and storing it in a digital vault. Patented technology securely encrypts and processes payments instantaneously, requiring no third-party processing or settlement. This reduces risk and eliminates chargebacks for merchants.

"With the launch of MintChip in Canada, we demonstrate that it is feasible to replace physical cash with digital cash, while showing the viability of the platform to banks, merchants and developers worldwide. Open APIs enable developers to easily integrate digital cash into new service offerings that will expand the utility and acceptance of MintChip," said Cooke.

*nanoPay is a member of ACT Canada; please visit [www.nanopay.net](http://www.nanopay.net).*

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#### **5. CPA SEEKS FEEDBACK ON ENHANCEMENTS TO POINT-OF-SERVICE PAYMENTS FRAMEWORK & ANNOUNCES NAME CHANGE**

*Source: CPA (06/07) & (06/15)*

The CPA has launched an initiative to modernize Canada's framework for point-of-service (POS) payments. The proposed framework will support and



enable alternative authentication methods (e.g. biometrics), the use of tokenization which will provide other opportunities to protect sensitive payment related data; and introduce alternate settlement processes. We are eager to leverage the full potential of tokenized POS payments for the benefit of Canadians. But to do so, we need your input.

### Have your say

We're conducting this public consultation to generate feedback from all Canadian payment system stakeholders on enhancements to the framework for POS transactions. The consultation focuses on proposed enhancements designed to support and enable tokenized payments at point-of-service, as well as resulting impacts and benefits. Input will assist us in finalizing the proposed framework amendments for enabling tokenized POS payments in Canada. Responses to the consultation questions and any additional questions, comments or suggestions should be provided to the CPA in writing via [consultation@payments.ca](mailto:consultation@payments.ca). Your feedback is welcome and will be accepted during the following consultation period: June 6, 2016 to July 8, 2016. Thank you in advance for your participation in this consultation. We look forward to facilitating new payments technologies in Canada.

In other CPA news, The Canadian Payments Association (CPA), the country's financial market infrastructure for payments, announced it has changed its name to Payments Canada. The new name and brand identity reflects the organization's transformation in a rapidly changing payments marketplace.

*Payments Canada is a member of ACT Canada; please visit [www.payments.ca](http://www.payments.ca).*

## **6. MASTERCARD QUESTIONS NEED FOR 8-DIGIT BIN**

*Source: PYMNTS (06/13)*

There's a shortage of BINs – Bank Identification Numbers – thanks to the growing demand for accounts and digital use cases tied to tokenization. But MasterCard SVP Andrea Gilman says that the ISO 8-digit BIN standard that will be released this week is too heavy a lift for too little gain, especially when there are other alternatives available. She gives Karen Webster the scoop. It happened to the internet in 2011. In February of 2011, it was announced that the internet protocol most commonly used to route traffic over the web, IPv4, had all but exhausted its supply of numbers for North America. Initially established in 1983 as ARPANET rolled into production, IPv4 was initially developed to support 4.2 billion addresses. At the time, that seemed more than adequate.

About a decade later, it was obvious that 4.2 billion addresses wouldn't be nearly enough to support the growth of the commercial internet. In the late 1990s, the standards body that oversees global IP address allocation went to work creating a new standard that would allow the internet to continue its expansion and



growth. IPv6 was that standard, and today supports the provisioning of 340 undecillion addresses. It wasn't an easy change to implement. Network and systems engineers inside of their own organizations were tasked with devising transition plans so that their IPv4 sites would remain compatible with the operating systems that provided access to their sites. The migration to a new standard that gives businesses more flexibility to use the commercial web to expand their own businesses has taken decades and hundreds of millions of man hours to operationalize and continues to this day. Payments is now facing a similar crossroads.

The Bank Identification Number (aka BIN) – the analog to the internet protocol that tells the worldwide web how to route traffic – is facing its own shortage of numbers. BINs are the numerical sequence that serve as unique cardholder account identifiers that support the authorization process when a card is presented for payment. BINs carry critical information related to card programs and program benefits and tells processors how to route the payment – to what issuer for authorization and what card network for clearing and settlement. BINs are also the first line of defense in identifying fraud online – matching the geographic location of the cardholder with the individual presenting it for payment. In other words, BINs are the backbone for how the payments industry communicates with each other when cardholders present a card credential for payment.

But in order to accommodate the growing number of issuers and use cases that will want and need to issue a variety of unique accounts in a rapidly expanding digital payments world, BIN ranges and protocols need to be expanded – and some even believe, totally rethought.

#### A BIN BY ANY OTHER NUMBER ...

MasterCard has been preparing for this digital demand since November 2014 when it announced that it was acquiring a new block of BIN numbers that would work within the existing 6-digit BIN standard. MasterCard SVP for Franchise Development, Andrea Gilman, tells Karen Webster that MasterCard will be adding BIN ranges that begin with “twos” in addition to the “fives” that currently exist for MasterCard issuers to use beginning in October 2016. Merchants will have until June 2017 to ready their POS systems to accommodate this new set of cardholder account numbers. Gilman says that this move is critical since the use of existing BINs has accelerated to the point of activation that nobody would have envisioned several years ago. Gilman pointed out that just a few decades ago, there were 38,000 cards in the field; today there are roughly 9 billion. As more digital end points involving commerce emerge, she emphasized that the ability to issue more cardholder accounts and support new types of digital credentialing via tokenization becomes paramount. Adding their new BIN range is one important step in giving issuers those tools and that flexibility.





To that end, said Gilman, MasterCard has been working on a multi-pronged approach to bringing the new BINs to the field through education and consistent dialogue with stakeholders so that the impact to their day-to-day payments activities is minimized. One such initiative has been to build on account range functionality, something MasterCard has been doing for more than a decade. Account ranges allows MasterCard issuers to use a single BIN across portfolios that may have previously extended across several BINs. Flexibility of range and data groupings means the ability leverage information across product groups, from prepaid cards to travel to student debit cards with easier reconciliation while freeing up BIN number for issuers to use as needed. Gilman emphasized that MasterCard has been active in informing their acquiring customers that they must be ready by October for the changeover, with “incremental” rollouts, and more importantly, reassurance that using these new BINs requires no switch needed or change in architecture that would cause disruption at the point of sale.

### SHIFTING THE BIN PARADIGM?

The second BIN initiative is one MasterCard has been keeping close tabs on as part of the ISO working group assembled to study the looming worldwide shortage of BINs. ISO – the International Organization for Standardization – will release its recommendation for expanding the existing BIN structure later this week after examining a number of alternatives. ISO’s recommendation will be to adopt an eight-digit BIN for all new BINs issued by ISO. The account number standard will not change from 16 digits to 19, although that was contemplated and widely expected. It will be up to each payment network to decide if and when to implement this change.

While some in the industry view the ISO recommendation to move from a six-digit BIN to an eight-digit BIN a necessary move, Gilman says MasterCard does not. Although the worldwide BIN shortage is of real concern, she says that the “heavy lift” required for the entire payments industry to retool its entire payments infrastructure will take years – possibility even decades — and will create system-wide implementation challenges. Other less time and resource intensive options, she asserts, that leverage technologies and existing resources are available for issuers to consider and implement, and that solve for the problem of more BINs in a digital commerce world. Unlike MasterCard’s move to the “twos,” which is essentially the equivalent of a software update to remain compliant, Gilman said that the move to an eight-digit BIN will require that every single system across every single player in the payments ecosystem change in order to process these new cards. For example, Gilman points out that issuers today that use a six-digit BIN use “the two open slots” – positions 7 and 8 – to derive intelligence about their cardholders and their transactions. Eliminating those slots will mean that their own systems and operations must be reconfigured and business processes rethought so as not to lose what they already have and use to run their businesses.



Gilman likened the expansion of BINs, beyond six digits to eight digit major industry identifiers to a “one for 100 stock split,” wherein a little bit of expansion produces a lot of available inventory for new BINs. But, as Gilman explained, there are less disruptive alternatives that can solve for the shortage of BINs yet not force a decade (or more) worth of investment in operational changes that could also mean taking the industry’s eye off more important and value-adding digital initiatives. So despite the ISO working group’s recommendation, it is just that – a recommendation. This October we’ll see MasterCard take one big step to usher in a new kinder and gentler warm-up act to solving for the realities of transacting in the digital age. Unlike the internet back in the 1990s that didn’t anticipate any other option but to totally reconfigure how internet access would happen, it seems that at least the payments industry has other less disruptive options to consider.

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

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## **7. THE APPLE PAY INNOVATION RETAILERS HAVE BEEN WAITING FOR**

*Source: Let’s Talk Payments (06/14)*

On June 13, at Apple’s Worldwide Developer Conference (WWDC) 2016, Apple announced that it is bringing the Apple Pay checkout option to websites, giving a second chance to retailers to boost their online sales. Apple Pay coming to the mobile Web, not just on apps, is a big deal for mobile commerce. Mobile commerce has had anemic conversion rates and this could finally bolster conversion rates for mobile websites. But let’s rewind the story a bit. What is the big deal with bringing another checkout option to e-commerce at all?

### E-commerce pushes brick-and-mortar out of business

First, e-commerce is a big deal in itself. Online shopping became such a powerful trend that a wide range of retailers across segments are closing their stores in 2016 and beyond at an outstanding pace. The brick-and-mortar stores are not able to maintain themselves anymore in the hostile market conditions created by e-commerce giants like Amazon and retailers are forced to adapt in order to survive. Survival in retail in 2016 means a heavy-duty focus on online experience. And while a part of retailers is being pushed out of business completely (RadioShack, Wet Seal, Sports Authority and American Apparel), others are refocusing their efforts to remain relevant and possibly keep their last pair of shoes, which e-commerce giants keep trying to steal.

However, even with e-commerce, it’s not all that simple. There is a channel particularly important to embrace – mobile. In lieu with Lampert, nearly half (47%) of over 160 payments and financial innovation professionals recently surveyed by CAN Capital agreed that mobile payments are changing retail consumer spending with an increase in e-commerce coming next (35%) and then personalized marketing and advertisements (18%). In fact, global mobile payment transaction

volume in 2015 was 450 billion US dollars and is expected to reach \$620 billion in 2016 and surpass 1 trillion US dollars in 2019. However, mobile is not everything for retailers actually. Regardless of skyrocketing m-commerce performance, desktops and laptops are still dominating as the devices used to research and complete online purchases (95% use for research and 95% complete the purchase on desktops and laptops). Moreover, the desktop shopping satisfaction rate is the highest among these channels – 85%. The most recent study by UPS suggests that desktop still remains a major ‘tool’ fueling online shopping.

### Growing array of checkout options

Understanding the inevitable wave of disruption coming with the growth of e-commerce, the payment industry offers more and more services for retailers to boost their performance and gain merchant networks for themselves. PayPal, gift cards, prepaid cards, Google Checkout and a variety of other options led to the expansion of the share of online purchases in total sales volume and facilitated new players to enter the space as companies saw the increasing usage of different options. Traditionally, credit and debit cards were the two primary ways to pay for the purchase online. However, with alternative payment options emerging in the market, e-commerce and retailers start expanding the list of payment options to follow customer preferences. Paying by credit or debit card is the most straightforward for customers and the most intimidating, as they have to provide sensitive information. Retail and e-commerce businesses, however, have more options to accept payments: Bitcoin, Dwolla, Amazon Payments, gift cards, reloadable prepaid cards, PayPal, Google checkout, Google Wallet, e-checks, etc.

And although there are certain drawbacks of the trend of increasing pressure in online checkout options, it is still considered to be a major force in customer retention, surged sales and online shopping experience enhancement. Up to now, Apple Pay was among the payment options providers limiting itself to the option to pay within iPhone apps and just by loading a card information to the phone to use at contactless payment terminals with participating merchants. However, the company made a major step forward towards its own prosperity in the payments industry and gave a powerful tool to retailers to improve their e-commerce business.

### Apple Pay for websites steps into the game

There are at least two important facts in support of importance of bringing touch-enabled Apple Pay checkout option to the Web. First, for e-commerce businesses, touch commerce is a goldmine as touch payments are leveraging impulsive purchasing behavior. The smaller the gap between a consumer’s desire to buy something and his ability to check it out right away, the higher the chances the purchase will be completed. In fact, the touch-based checkout option was estimated to bring down the sales cycle from 103 seconds to 17 seconds.

Simplified and frictionless checkout is the most important factor that can have a catalytic effect on sales. And it's especially important since estimations published in January by IBM, Forrester and others suggest that the average e-commerce shopping cart abandonment rate is ~69%. And second, as reported by Recode, "Retailers had 20% more visits to their mobile websites than their mobile apps during last year's holiday shopping season."

That is why the move by Apple to bring touch-powered (although a little differently than in apps) Apple Pay Checkout to the Web is a big event for everyone. Just like with any other payment option for online shopping, Apple Pay initially stepped into the game with intent and pitch to boost conversions for retailers. Apple Pay for Web announced on Monday has the same idea behind it as Apple plans to leverage the fact that the total mobile data traffic is expected to rise at a CAGR of around 45% by 2021 with 90% of mobile data traffic coming from smartphones. However, with the new Web-based Apple Pay option, the touch function will be working in a slightly different way. When shopping on websites and choosing to pay with Apple Pay for a Web purchase, users will receive a notification on their iPhone to confirm the transaction. The fingerprint on the phone then will authenticate the transaction on the computer. And that's where the Apple closed-loop culture shows up again: in order to experience the luxury of Apple Pay option while shopping online, you need to have both a Mac laptop and an iPhone. Moreover, not only do you need to own two pricey Apple devices, you also need to use a particular browser – Safari.

Eventually, Apple Pay for Web purchases will be limited to the Apple fan club, but it is not such a big drawback anyway given the scale of the iPhone user base and the strength of the brand in North America and beyond. Anyway, there are battles to fight for Apple Pay with its foray into the Web, and Android Pay will be another pickle since Google recently announced that it will bring its payment option to websites as well through new web API.

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## **8. MOBEEWAVE EXPANDS INTO CHINA AND SELECTS ADG TO DRIVE BUSINESS DEVELOPMENT**

*Source: Mobeewave (06/29)*

Mobeewave announced that it has selected Alliance Development Group (ADG) to strengthen the company's business development efforts in China. Chosen for their excellent track record assisting mobile payment and FinTech companies to expand in China and their proven end-to-end services, ADG will collaborate with Mobeewave's business development team to foster strategic partnerships with China original equipment manufacturers (mobile device OEMs) in an important market for the Canadian FinTech company. Mobeewave's patented technology is a key differentiator solution for manufacturers of next-generation smartphones. Harnessing a phone's NFC capability, the technology enables individuals to safely and conveniently collect money in person from a contactless



card or mobile wallet. This innovative approach is particularly secure as it ensures all sensitive information is encrypted in a device's hardware and software security.

Home to seven of the top ten global smartphone vendors, China represents a key region for Mobeewave. Forward-looking Chinese OEMs – such as Huawei, Lenovo and Xiaomi – recognize the need to embrace innovation. By incorporating FinTech services like Mobeewave's in-person money collection technology, such vendors can continue to offer their users a genuine added-value experience. ADG's previous success with companies like PayPal and EyeVerify, and many others made it the obvious choice to support Mobeewave's business development in China. With a deep understanding of the market, they will provide vital experience and facilitate the development of strategic relationships with the country's Tier 1 device OEMs as well as other leading China internet and payment companies. "ADG's expertise in mobile and FinTech and their strong connections with Chinese OEMs will strengthen Mobeewave's footprint in what is a key market for the company," said Maxime de Nanclas, COO and co-founder of Mobeewave. "Developing relationships in this region is of the utmost importance for us as we look to provide our key differentiator solution to the world's leading OEMs."

"Mobeewave's unique mobile payment solutions offer device OEMs an opportunity to play a larger part in the growing global payments space. We are excited to work with such a great company as Mobeewave and help them develop winning partnerships in China," said David Sullivan, Managing Director of ADG.

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

## **9. INTERAC COLLABORATES WITH NORWAY'S BANKAXEPT**

*Source: Interac (06/09)*

Interac Association/Acxsys Corporation ("Interac") announced its collaboration with BankAxept, Norway's domestic debit network, bringing together the market-leading strengths of each organization to help accelerate the rollout of contactless and mobile debit solutions in Norway. The licensing agreements will help enable BankAxept to deliver a secure and cost-effective contactless point-of-sale solution in Norway, as well as provide documentation and software that will position BankAxept to offer a broad range of mobile payment solutions to its banking clients. BankAxept is the first client to license Interac payment solutions internationally. "Interac has provided us with innovative, scalable and cost-effective solutions that allow us to rapidly deliver secure contactless debit and mobile debit offerings," said Oyvind Apelland CEO, BankAxept. "Through seamless integration of Interac specifications onto our network, we are able to exploit the proven capabilities of a fully operationalized contactless EMV solution."

"As Canada's first and only domestic debit network, we have an acute understanding of the needs and challenges of operating a domestic debit network



in an increasingly competitive and rapidly evolving payments arena,” said Mark O’Connell, President and CEO, Interac Association and Acxsys Corporation. “In recent years, we’ve invested heavily in technology and we’re excited that other domestic networks, such as BankAxept, see the value in licensing our proven payment solutions to enhance their contactless and mobile debit capabilities in their respective markets.”

Interac payment solutions enable domestic networks outside of Canada to remain agile, competitive and innovative through the licensing of documentation, specifications, and software. Licensees can expect to quickly and cost-effectively leverage solutions that can be customized and implemented to deliver products based on those offered by the Interac network in Canada, including contactless, mobile, and P2P solutions.

*Interac is a member of ACT Canada; please visit [www.interac.ca](http://www.interac.ca).*

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## **10. CPI & EVOLIS ENABLING INSTANT ISSUANCE OF EMV CARDS EXTEND THEIR PARTNERSHIP**

*Source: Evolis (06/14)*

Evolis and CPI Card Group have extended their partnership agreement to provide U.S. banks with the EMV-capable instant card issuance solution Card@Once. CPI Card Group and Evolis have been partnering since 2011 to provide CPI’s patented instant issuance solution, Card@Once, which has been deployed by thousands of bank branches throughout the United States. Card issuers leveraging the Card@Once solution can issue a fully functioning, personalized EMV debit or credit card immediately after opening a bank account or to replace a lost or stolen card. Facing the challenge of digital disruption, many financial institutions are looking to bring more innovative services into their traditional network. The in-branch personalization of payment cards allows a bank to issue a debit or credit card in a few minutes. Instant issuance has many

Benefits: banks achieve more operational flexibility through a decentralized solution while reducing their shipping costs, and customers benefit from fast and more convenient service. The secured card personalization device developed by Evolis enables CPI to offer a fully managed instant issuance service that can be deployed without the need to install any software at the card issuer. Thanks to the high reliability and remote monitoring capabilities of Evolis card printers, the Card@Once solution benefits from an unmatched uptime of 99.8%.

### Facilitator for the EMV migration process

Card@Once, which is PCI DSS compliant, is one of the few EMV-capable instant card issuance solutions available in the U.S. market. Evolis foresees a strong growth in the demand for instant issuance solutions in the coming years,



mainly driven by the current EMV card migration. Through this partnership, CPI continues to be well positioned to address the needs of card issuers. “Consumers today expect banks and credit unions to provide products that are both convenient and cutting-edge in terms of security, which today means seamlessly building in EMV capabilities into debit and credit cards,” said Troy Bernard, Director, EMV and Emerging Products at CPI Card Group. “Through our partnership with Evolis we are able to offer an instant issuance solution that raises the bar in terms of quality and reliability for our customers and the consumers they serve.”

### A unique positioning for the french SME

The French manufacturer of printing systems Evolis has recently become the worldwide leader in the decentralized instant issuance of payment cards with 50,000 systems installed in bank branches throughout the world. Ten years after its first projects in Korea, Evolis has deployed this system in 900 financial institutions throughout the world. Evolis is still addressing the banking market with the same philosophy: offering customized solutions that are marketed through a network of solution providers who are experts in banking services. Evolis is leveraging the expertise of partners specializing in card payment personalization services, some of which are large international market players that have integrated Evolis systems in their instant issuance solutions. Thanks to the flat card personalization technology by Evolis, decentralized solutions can be deployed on a very large scale at an attractive price for banks.

### Instant personalization of payment cards through ATMs

The latest trend in the financial market is the instant personalization of payment cards directly issued by ATMs. Evolis has recently expanded its offer with a full range of systems dedicated to self-service applications. This range, which consists of four printing modules, covers all payment card personalization needs.

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

## **11. UNIONPAY HCE MOBILE QUICKPASS DEBUTS OVERSEAS IN SOUTH KOREA**

*Source: UnionPay (06/27)*

UnionPay International and KT Corporation together with its subsidiary BCcard jointly announced to launch UnionPay HCE mobile QuickPass in South Korea, which will enable the local UnionPay cardholders to pay by tapping their mobile phones. South Korea becomes the first overseas market to have launched mobile QuickPass. Mobile QuickPass is UnionPay’s new mobile payment solution. It supports both offline contactless payment via mobile phones and other mobile devices as well as remote online payment. It encompasses a variety of mobile payment products, including HCE, Apple Pay and Samsung Pay. Mobile



QuickPass is safer than other mobile payment products available in the market. Adopting advanced technology, it provides multiple security assurance including dynamic password and payment token. The real bankcard number is not shown during the payment, and the transaction information is well-kept within the issuer and UnionPay's network, which effectively ensures transaction security.

Two factors facilitates mobile QuickPass's overseas debut in South Korea: First, UnionPay's card-issuing scale in the market keeps growing. To date, over 19 million UnionPay cards have been issued there. Second, the personnel exchanges between China and South Korea keep increasingly. Over the first 5 months of this year, the transaction volume of Korea-issued UnionPay cards in the Chinese Mainland grew 45% year-on-year, and the UnionPay card have become an important payment method for Korean residents who visit China. More flexible and diversified payment services for Korean UnionPay cardholders will attract more Korean people to China. Among UnionPay's cooperative issuers in South Korea, BCard and its 19 member issuers have issued over 70% of all the UnionPay cards in the market. Based on their former successful cooperation, UnionPay International joins hands with BCard in launching mobile QuickPass. Korean cardholders can bind their UnionPay cards issued by BCard or its member issuers with their NFC-enabled mobile phones (with operating system above Android 4.4.2) via BCard official website or app, and will get their virtual cards, ie. mobile QuickPass cards. Then, cardholders can pay by tapping their mobile phones at the QuickPass terminals at Doota as well as all Watsons and GS25 and Gong Cha stores in South Korea. They can also pay with their mobile phones at the over 7 million QuickPass terminals across the Chinese Mainland, Hong Kong, Macau, Taiwan, Singapore, and New Zealand.

According to Ge Huayong, this cooperation is a significant step UnionPay takes in promoting its mobile QuickPass around the world. First, it upgrades UnionPay's card-issuing technology in South Korea, which not only enhances card-using security but also caters to cardholders' new card-using habits. Second, it helps accumulate experience for mobile QuickPass's future expansion from the Chinese Mainland to other overseas markets, and will serve as a model to attract more institutions to participate in promoting this innovative product. Third, the launch of UnionPay's innovative products and services overseas will provide richer and more flexible payment experiences for overseas visitors to China. Suh Joon-Hee said, more and more consumers like to pay with NFC-enabled mobile phones. The UnionPay mobile QuickPass launched this time is a comprehensively upgraded version of the SIM card-based mobile QuickPass launched by the two parties last August. We hope take this as the basis to provide BCard clients with more convenient mobile payment service that can be used outside South Korea.

Now, UnionPay's acceptance network in South Korea covers online and offline payment; UnionPay cards can be conveniently used there. About 70,000 ATMs accept UnionPay cards for cash withdrawal. All merchants that accept signature payment accept UnionPay credit cards, while about 1.63 million





merchants accept UnionPay cards for PIN-based payment. All the local taxis accept UnionPay credit cards. Meanwhile, over 60,000 Korean online merchants accept UnionPay online payment, covering cosmetics, clothing, food, general merchandise and mother-and-baby products.

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

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## **12. TSYS AND EQUINOX LAUNCH SEMI-INTEGRATED EMV SOLUTION FOR LODGING**

*Source: TSYS (06/21)*

TSYS and Equinox Payments (“Equinox”) announced the availability of a semi-integrated payments solution to help Value-Added Resellers (VARs) quickly and easily develop and release EMV-certified technology to their customers. Running on the Equinox Apollo terminal, the Voyager application is an EMV-certified solution with features specifically designed for lodging, as well as retail and restaurant environments. “Our new solution developed with Equinox allows VARs and their merchants to get on the right side of the EMV liability shift,” said Craig Ludwig, group executive, TSYS’ Merchant Services segment. “By leveraging the TSYS-certified Equinox Apollo terminal as a semi-integrated solution, developers can accelerate their EMV deployment using a suite of tools to integrate their point-of-sale (POS) solution. We’re proud to offer our clients a robust solution that not only reduces the costs and time required for EMV certification, but also provides advanced security features, including encryption and tokenization, to guard against credit card fraud.”

“We’re excited to offer VARs the ability to interface with our semi-integrated solution so that they can quickly implement EMV and contactless payments while reducing the headaches associated with annual PCI compliance validation,” said Rob Hayhow, vice president, Equinox. “The EMV certification process is complex, so this approach equates to an ‘easy button’ for VARs.” The EMV liability shift exposes merchants to an increase in chargebacks — which impacts their bottom line — and many of the legacy terminal solutions that support lodging functionality are retiring this summer because they cannot be upgraded to support EMV. As a result, many small- and mid-sized hotel operators — and the VARs that support them — are left without a viable solution to support features such as check-in/check-out, deposits, no-shows, incremental purchases and quick-stay transactions. The Voyager payment application supports a host of important features for the retail, restaurant and lodging industries. Payment amounts are passed from the POS to the Apollo terminal, which directly communicates to the processor for authorization, reporting the results back to the POS for transaction completion and receipt printing. No sensitive card data is shared with the POS.



The Voyager application — compatible for stand-alone and semi-integration — is certified to support up to 20 multi-merchant configurations, as well as TSYS Guardian Encryption<sup>SM</sup> and TSYS Guardian Tokenization<sup>SM</sup>.

*Equinox and TSYS are members of ACT Canada; please visit [www.equinoxpayments.com](http://www.equinoxpayments.com) and [www.tsys.com](http://www.tsys.com).*

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### **13. SAMSUNG GALAXY S7 EMBARKS OT'S LATEST GENERATION ESE**

*Source: Oberthur Technologies (06/28)*

OT (Oberthur Technologies) announced that PEARL by OT, its state-of-the-art NFC embedded Secure Element (eSE) is equipped in the Samsung Galaxy S7. PEARL by OT is the most advanced multi-application eSE on the market. It offers a yet unattained level of security, the largest memory on the market and the latest NFC capabilities. Certified by all major payment schemes for mobile payment, PEARL by OT offers a banking-grade level of security thanks to its EAL5+ and EMVCo certified component. It is also the best eSE to address the fragmented market of transport systems throughout the world thanks to the support of all major transport standards. Beyond payment and transit applications, this all-in-one eSE also allows easy deployment of secure governmental and automotive applications, as well as secure access to online services for enterprise and consumer markets.

PEARL by OT is the safest possible place to store secret information and execute sensitive applications. “We are very pleased by the strong and privileged relationship developed with Samsung over several years” said Marek Juda, Managing Director of OT’s Connected Device Makers business. “OT is fully committed to support Samsung in the deployment of innovative and secure mobile services, such as Samsung Pay in Europe. This motivated our decision in 2015 to open a new R&D center dedicated to security technologies for smartphones and other connected devices in Seoul, Korea”.

*Oberthur Technologies is a member of ACT Canada; please visit [www.oberthur.com](http://www.oberthur.com).*

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### **14. FINTECH'S DIGITAL IDENTITY CRISIS**

*Source: PYMNTS (06/14)*

“We’re having a digital identity crisis in financial services, and it’s starting to get in the way of the access to payments and financial services that consumers and business that they interact with increasingly want and need.” That was the crux of a recent digital discussion Karen Webster had with Ken Allen, SVP of operations at Socure, when the two dug into one increasingly evolving, complex topic that’s driving the future of payments and financial services: authenticating the consumer. And as merchants and financial service providers weigh whether



traditional methods of consumer authentication have the same power they once did now that commerce has moved online, Allen would give them one piece of advice: They do not.

What Allen means is that the age-old standards of matching a name, address and ID against credit data simply isn't enough to provide merchants and FIs with sufficient protection against potential fraud. Instead, businesses need to take a layered approach to consumer authentication in a way that accounts for the new data sets made possible in the digital identity era, including factors like social media accounts, emails and even biometrics. Allen and Webster spent the better part of an hour discussing the best practices for banks and merchants facing the challenges of authentication in a digital age, which Allen says is increasingly determined by behavior.

"Digital identity is one component of the 'real you' that's biometric in essence. Digitally, it's how we interact, even in person. Behaviors define us; they come together at certain points, and that defines us," Allen said. Social interactions and behaviors are becoming the consumer's identity, their fingerprints, their biometrics, Allen said. But Allen also said that the big problem is determining how to connect all those dots in a space that's evolving so quickly. Customer interaction habits change fast, and the speed of digital today is nearly immediate. That leaves FIs and merchants with the challenge of having to make accurate decisions fast. Webster asked Allen: How can FIs or merchants distinguish the data that's out there, and what actually represents a digital identity that a relying party can have confidence in? Allen says that the answer to that question is about having a model that has adapted to the devices, technology and data that consumers use that are inputs to the immediate verification that's expected today. Consumers expect their experience to be personalized and secure, but they expect approval to happen fast and without friction.

"The more [that an FI or a merchant] can do behind the scenes passively with a customer using data vendors and then amend that to their decision, the better off they'll be along the way," Allen said. Of course, Webster points out, the notion of authentication of digital identity and verification becomes even more important in today's ecosystem where real time is becoming a real and expected norm. That means that there isn't a lot of time to make a good decision, which complicates the equation even more. "It's evolving from the merchant space to the banking space much more quickly," Allen notes in their conversation. When it comes to breaking down the evolution of authentication, what Socrate's research shows is that, for consumer decisioning, linear simply doesn't make the cut anymore. Instead, decision-makers must think across multiple pillars: consumer data, behavior, device and payment. And within each of those pillars, there's multiple aspects to consider, which include:

- Consumer data: Biometrics, phone/email, name/address/SSN
- Behavior: Digital, credit/click-based, in-person
- Device: Tokenized (IoT, cloud), web/mobile, POS

- Payment: Digital wallets, card/bank, cash

“The pillars are what I define as four strategic pillars to build strategy around,” Allen said. “These all define us as individuals. And now, we are moving closer to biometrics.” Which begs the question from Webster: Are they all weighted equally? Not necessarily, says Allen. “Most decisions that have been made across institutions, especially as the card-not-present era came into play, was the making a decision using the data a consumer has keyed in and decided what they are going to buy. You made one decision: How does all this piece together? Then, it’s about collecting and matching data,” he said. While the payment mechanism used to be the strongest authentication method, that’s since changed in the world of hackers and data breaches, which showed why the payment mechanism alone couldn’t be relied on as the strongest form of authentication. “Behavior is now coming in as one of the strongest mechanisms to predict the real identity,” Allen said. “If you do enough verification with a person and their data and their associated device and as many pieces you can connect the dots on, you then can start to see abnormal behavior.”

Which is why merchants and FIs can’t just focus on one pillar. “There is no silver bullet in this framework. At the end of the day, this is a layered approach. How thick or deep that layer is, and which ones you lean on, is different business by business. What this allows you to do is bucket them together to determine if they interact well, and then, they have the stop button if needing to stop it,” Allen said. In the end, what the real focus is all about is getting as many good and legitimate transactions through the flow and trying to minimize how many people are sent through a more friction-filled process. Allen contends that the best way to do that it is so take the multiple pieces that support the risks and tolerances that FIs and merchants want to manage that, when pieced together, give them a good indication of how they want to interact with a customer and what then they must do to authenticate them. “There are a lot of players in the [digital identity] space, and if pieced together, you can have a really good solution,” he said.

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## **15. UL'S EMV PERSONALIZATION VALIDATION TOOL QUALIFIED FOR MASTERCARD CPV 9.2**

*Source: UL (06/16)*

UL is proud to announce that its UL EMV Personalization Validation Tool is ready for testing of both contact and contactless payment cards according to MasterCard’s CPV 9.2 card personalization validation process. MasterCard issuers introducing new EMV contact or contactless cards and mobile payment applications are required to go through Card Personalization Validation (CPV) Formal Approval Services of MasterCard. The CPV service is mandatory for issuers to obtain an approval, indicating that the card or mobile payment personalization data is compliant with MasterCard requirements. The main



purpose is to make sure the payment products carrying MasterCard brands meet the applicable personalization requirements as specified by MasterCard.

The new release of the UL EMV Personalization Validation Tool is qualified by MasterCard to test in accordance with the MasterCard Card Personalization Validation (CPV) 9.2 Test Tool requirements. MasterCard issuers are able to store, validate, retrieve, and examine all personalization data of EMV smart card applications such as chip, magnetic stripe, embossing data, asymmetric keys and PIN. The wizard functionality guides through the entire card personalization validation process step-by-step making the preparation for the formal CPV session easy. Finally, the UL EMV Personalization Validation Tool can easily derive the XML card image files, from the sample under test, which MasterCard requires for the CPV service.

“UL continues to provide high quality test tools for the payment market. We are confident that our customers will benefit from this qualification as it will help them reduce the time to market, ease their CPV testing, and increase their confidence during the MasterCard implementation,” adds Maxim Dyachenko, Director Products at UL’s Transaction Security division.” The UL EMV Personalization Validation Tool is the most thorough and comprehensive test tool for Issuers, Card Personalization Bureaus and Card Manufacturers that want to validate the personalization of their contact/contactless payment cards and mobile payment applications. Any EMV card application, Secure Element application or cloud-based payment application can now easily be checked according to the latest (test) specifications from EMVCo. UL is also accredited by MasterCard as a Formal Approval Service Provider. Together with MasterCard qualified testing/certification tools, UL is offering a service covering the entire scope to ensure an efficient and effective approval process.

*MasterCard and UL are members of ACT Canada; please visit [www.mastercard.ca](http://www.mastercard.ca) and [www.ul.com](http://www.ul.com).*

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## **16. NXP TO PROVIDE SMART CITY TECHNOLOGIES TO COLUMBUS, OH, WINNER OF THE U.S. DEPARTMENT OF TRANSPORTATION’S SMART CITY CHALLENGE**

*Source: NXP Semiconductors (06/23)*

NXP Semiconductors N.V. announced that its highly advanced technologies for smart cities, including sophisticated vehicle communications solutions, RFID tagging and Smart Card ICs, play a key role in Columbus, Ohio’s winning proposal for the U.S. Department of Transportation’s (D.O.T.) Smart City Challenge. NXP, through its partnership with the D.O.T., is working with Columbus to help deploy wireless technology allowing cars to securely exchange data, prevent accidents and improve traffic flow, as well as Smart Card ICs to make secure public transportation access fast and easy for credit- and cash-economy-



based passengers alike. The Smart City Challenge is a nationwide competition which awards the winning, medium-sized U.S. city a prize of \$50 million through the D.O.T. The prize recognizes the community's innovative ideas for developing the connected city of the future and for addressing the challenges that growing populations present to transportation infrastructure. As the winning city, Columbus will additionally receive a broad array of advanced smart city technologies from NXP and other program partners.

"Technology like NXP's will help bring Columbus' vision to life, providing critical technology necessary for the development of America's first truly smart city," said U.S. Department of Transportation Secretary Anthony Foxx. "Smart transportation, identification and authentication solutions are essential components of creating ladders of opportunities – to build better transit and transportation systems for the future. These innovative technologies will allow cars to not only talk to each other to avoid accidents, but will also enable smarter infrastructure for the city itself, ensuring secure, connected experiences and smoother traffic flow for all Columbus' residents." "We are honored to win this competition and couldn't be more excited to start deploying NXP's innovative, leading-edge technologies to help create a safer, more streamlined city for all of our residents," said Columbus Mayor Andrew J. Ginther. "With the help of great partners like NXP, we are on our way toward establishing Columbus as a worldwide model of what the future of cities can actually become."

NXP, together with partners Delphi and Siemens, are demonstrating vehicle-to-vehicle and vehicle-to-infrastructure (V2X) technology at today's announcement ceremony at the Douglas Community Center, where reporters, dignitaries and Columbus citizens can see NXP's RoadLINK V2X technology in action. Other smart city solutions based on NXP technology and outlined in Columbus' winning proposal include:

- Smart Card IC technology that enhances transportation for all citizens by supporting secure and convenient public transportation ticketing and payment systems, including contactless transit fare solutions.
- Highly secure NXP Radio Frequency Identification (RFID) solutions designed to promote public safety and convenience. Smart City applications for this NXP technology include vehicle window stickers that enhance driver convenience and reduce municipal costs by eliminating the need for stop-and-pay stations in public parking spaces.

"Columbus' Smart Cities Competition proposal outlined a clear and inspirational vision: to create a beautiful, healthy, and prosperous community for all of its residents. In fact, this vision is exactly what NXP's Smart Cities solutions are engineered to accomplish," said NXP President and CEO Rick Clemmer. "We are proud that NXP's secure, intelligent traffic management and smart public transport solutions play such a critical role in Columbus' plans. NXP sincerely congratulates Columbus for winning the Challenge, while also looking forward to



working with the other six finalist communities as they implement their own smart city plans in the future.”

*NXP Semiconductors is a member of ACT Canada; please visit [www.nxp.com](http://www.nxp.com).*

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## **17. FIME ACCREDITED BY UNIONPAY FOR CARD MANUFACTURER CERTIFICATION**

*Source: FIME (06/23)*

FIME announces that its French and Taiwanese test laboratories have become the first international centers to be accredited by UnionPay to perform card manufacturer certification testing. Global card manufacturers and personalization bureaus can now work with FIME to become an ‘authorized’ UnionPay vendor, enabling them to supply UnionPay’s global network of over 200 issuing banks. FIME’s certification services cover four areas: IC card embedding, IC card personalization, magnetic stripe card personalization and card manufacturing. Vendors wishing to work with UnionPay issuers must achieve one or more of these certifications. “The global expansion of UnionPay represents a significant commercial opportunity for vendors and we can help them to tap into this additional revenue stream,” adds Arnaud Peninon, Vice President - Asia Pacific and Global Laboratories at FIME. “FIME already supports banks and terminal manufacturers in achieving UnionPay certifications, so we’re pleased to now support international card manufacturers and personalization bureaus. Our relationship with UnionPay continues to strengthen and we look forward to supporting its continued growth over the coming months and years.”

*FIME and UnionPay are members of ACT Canada; please visit [www.fime.com](http://www.fime.com) and [www.unionpay.com](http://www.unionpay.com).*

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## **18. DISCOVER INTRODUCES DISCOVER QUICK CHIP TO OPTIMIZE CHECKOUT EXPERIENCE**

*Source: Discover (06/23)*

Discover is introducing a new option for merchants to streamline the checkout process for all chip cards leveraging Discover, Diners Club International and PULSE Networks. Discover Quick Chip will reduce the time a chip card needs to remain in the point-of-sale terminal, making the checkout process more convenient for merchants and cardholders. Discover Quick Chip provides merchants and acquirers with an additional option when processing chip card payments. Discover Quick Chip will reduce terminal certification requirements and be compatible with the technical standards offered by other payment networks, so merchants can seamlessly offer cardholders a faster checkout experience across all chip cards they accept. “Discover is providing this new option in order to offer merchants and cardholders a streamlined checkout experience,” said Ellie Smith,



head of the Chip Center of Excellence at Discover. “This initiative further expands and complements Discover’s wide range of existing programs that support chip deployment.”

Discover Quick Chip is another example of Discover’s long-running commitment to support merchants and acquirers in the U.S. EMV migration. The current programs range from focusing on industry education and training to streamlined certification initiatives, including access to multiple approved certification service providers, acquirer self-certification and dedicated support for Value Added Resellers. Merchants that want to upgrade their terminals to include Discover Quick Chip should contact their acquirer, payment processor, or point-of-sale provider.

*Discover Financial Services is a member of ACT Canada; please visit [www.discover.com](http://www.discover.com).*

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## **19. VTB24 IN RUSSIA SELECTS GEMALTO EBANKING MOBILE SECURE APP FOR CONVENIENCE AND SECURITY**

*Source: Gemalto (06/28)*

Gemalto supplies VTB24 with its Ezio Mobile Protector smartphone-based secure software app solution, which provides secure generation of One Time Passwords (OTPs) for validation of remote banking transactions via a convenient application running on the customers' mobile device. VTB24 is a key player in the Russian banking services market and this implementation was made in cooperation with Russian IT integrator CompuTel. Gemalto's Ezio Mobile Protector offers a robust and cost efficient authentication solution for online banking which makes those services particularly convenient to customers, and provides extended access to these services. VTB24, which operates over 1,000 branches across 72 regions in Russia, began roll-out of the new service this March under the Token VTB24-Online brand. The new service is available for individuals through the VTB24-Online system, and soon it will be available for legal bodies and individual entrepreneurs through the "Bank-client online" system.

VTB24 customers only have to install an app on their existing Android, iOS, Windows Phone smartphone or tablet and register it through VTB24-Online banking system to enjoy instant generation of OTPs anytime, anywhere, eliminating the need to carry any additional devices. For VTB24, the adoption of Ezio Mobile Protector removes costs associated with SMS and push messages and allows VTB24 to increase the limits of transactions performed via online or mobile banking for its customers. The solution also works in offline mode and does not require cellular coverage or Internet connection, so that authentication service is still available even when a customer is for example travelling overseas.





Gemalto's solution provides VTB24 with all the security features of its Ezio Mobile Protector which ensures a comprehensive protection against major sophisticated cyber-threats. Thanks to its local OTP generation and multiple layers of security, this solution increases protection against such attacks as SIM swap and SMS malware, which forward OTPs to hackers. The authentication center of VTB24, integrating Gemalto's Ezio Enrolment and Provisioning Server (EPS), guarantees secure distant registration of new mobile tokens and performs the OTP verifications. A high degree of flexibility and scalability of the solution will enable the bank to implement additional features within the Ezio Mobile Protector, such as QR codes and biometric authentication. "We have a long-standing and trusted partnership with Gemalto, and their strong local presence has played a key role in ensuring deployment of this new service," said Elena Degteva, the head of remote banking services department, VTB24. "Ezio Mobile Protector also offers us a clear roadmap to deliver further innovation for our customers."

"VTB24 is one of the first banks in the Russian banking sector to implement this technology," said Philippe Cambriel, President for Europe, Mediterranean and CIS at Gemalto. "With the Ezio Mobile Banking Suite they are equipped with one of the most flexible, versatile and scalable solutions available today."

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

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## **20. TD STRENGTHENS LEADERSHIP IN DIGITAL WITH THE LAUNCH OF APPLE PAY; DELIVERING MORE CHOICE TO MORE CANADIANS THAN ANY OTHER BANK**

*Source: TD Bank Group (06/01)*

TD Bank Group (TD) announced the launch of Apple Pay, giving our customers more choice and convenience with the ability to use iPhone, iPad or Apple Watch\* to make purchases using both in-store and within apps. "We are thrilled to bring Apple Pay to TD, giving customers the ability to make purchases either in-store or within apps. Our customers expect choice. And they expect their bank to make it easier to live their lives, including offering secure, digital solutions," said Teri Currie, Group Head, Canadian Personal Banking, TD Bank Group. "With the most debit and credit card customers in Canada, we're excited to offer them yet another way to shop in comfort and pay securely with ease." TD's launch of Apple Pay in-store transactions and payments within apps reinforces TD's digital leadership. "We know our customers and employees are excited to see TD launch Apple Pay both in-store and within apps," said Currie. "We look forward to bringing this new offering to our customers, and demonstrating how our suite of digital solutions and industry firsts can make it easier to live their lives."

\*Apple Pay is compatible with the following devices: iPhone 6s, iPhone 6s Plus, iPhone 6, iPhone 6 Plus; iPhone SE; iPad Air 2, iPad mini 3, iPad mini 4, iPad Pro; Apple Watch (paired with iPhone 5 or later)

*TD Bank is a member of ACT Canada; please visit [www.td.com](http://www.td.com).*

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## **21. EU MIF REGULATION IMPACT ON APPLE PAY**

*Source: Let's Talk Payments (06/24)*

The MIF regulation (full name – “Regulation (EU) 2015/751 on interchange fees for card-based payment transactions”) came into effect at the end of 2015 and is composed of four main areas: caps on interchange fees; acquirer pricing transparency; separation of card schemes and processing & supporting rules.

### Overall Scope

The MIF Regulation’s scope includes debit, credit, prepaid, and ‘universal’ cards (those behaving as both debit and credit cards). The regulation excludes three-party schemes (but only if having less than 3% of market share), until 9 December 2018. After that, it is unclear; it is most likely that the regulation will get extended to those as well. However, the three-party schemes that either license their network to an issuer or acquirer (or have another brand mark on the card) would be considered a four-party scheme and therefore, equally subject to the same interchange caps immediately. Corporate cards used for business purposes and paid for by the company are also exempt from the MIF Regulation interchange caps.

### Cap on Interchange Fees

In this article, the focus is only on the first component of the MIF Regulation, which sets the following caps, depending on the type of card and type of transaction:

- Cross-border: 0.2% of debit transaction value, 0.3% for credit.
- Domestic debit: 0.2% of transaction value or €0.05 per transaction (whichever is lower).
- Domestic credit: 0.3% of transaction value but member states may set a lower cap.
- ‘Universal’ cards: 0.2% of transaction value or €0.05 per transaction with a 0.2% cap. 0.3% of transaction value for those treated as credit.

### Impact on Issuer Revenue

The 0.3% cap on credit cards and 0.2% cap (or €0.05 per transaction, whichever is lower) on debit card interchange fees will result in significantly reduced revenues for card issuers. Since card issuers in the UK, Ireland, Germany, Spain, Portugal, and several Central and Eastern European countries were traditionally accustomed to high credit and debit card interchange fees, they will clearly feel the most bottom-line pain. The credit card issuers will clearly feel a bigger impact than debit card issuers because the post-MIF Regulation credit

interchange fees are much closer to interchange levels for debit cards. For example, in the UK and Germany, pre-regulation credit card interchange fees were at least three times higher than the new levels.

However, in some countries, debit card issuers also enjoyed relatively high debit interchange fees in the past and will feel the bite as well. Overall, the agreed upon estimate is that EU issuers are expected to lose between €5–6 billion annually in revenues from interchange fees. Due to the significant drops in revenues, issuers are already applying unpopular countermeasures like reducing rewards levels, increasing cardholder fees, etc. Card issuers are already re-evaluating their business models and are working frantically on building infrastructures for the new revenue streams by innovating and trying to commercialize the transaction data they have, like card-linked Offers/loyalty programs, etc. However, this is very good news for merchants because it significantly lowers their cost of card acceptance at POS and online.

### Impact on Apple Pay Adoption and Expansion

Where does it leave Apple Pay now? It looks like another potentially significant obstacle and a significant blow to Apple Pay's future adoption. We all know that Apple is requesting a portion of the interchange fees from each of the issuers whose cards are loaded into the Apple mobile wallet. With such a drastic drop in issuer's interchange revenue, it will be almost impossible for Apple to continue insisting on charging participating card issuers per transaction revenue moving forward. The impact of MIF Regulation on card issuer's bottom lines will likely force Apple to reconsider the current business model, or risk losing the mobile wallet game to Google and Samsung, especially because Google and Samsung aren't charging issuers for participating in Android Pay and Samsung Pay wallets and as such, may become preferred mobile wallet options for issuers in the days ahead.

How will Apple respond to this formidable challenge? Only time will tell, but it doesn't look to me that Apple will be able to enjoy the long-term benefits of their current approach with Apple Pay.

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## **22. CIBC PARTNERS WITH MAGNUSCARDS ON A BANKING APP THAT HELPS PEOPLE WITH SPECIAL NEEDS**

*Source: CIBC (06/24)*

CIBC has teamed up with MagnusCards, to help produce free step-by-step visual guides that help individuals with special needs bank on their own. "Depositing a cheque or withdrawing cash from an ATM is easy for most individuals, however these tasks can be challenging for people who have unique needs and learning styles," says Nadia Hamilton, CEO of Magnusmode, a Canadian company that created the MagnusCards app to assist people with



cognitive learning needs. "The content CIBC is developing for the MagnusCards app will help direct special needs users through basic financial tasks like using a Debit card to learning how to receive an Interac e-Transfer." The MagnusCards app breaks down financial tasks into small, manageable steps, using visual "how-tos" — or digital flash cards — to guide its users through a variety of activities. With the CIBC cards, individuals receive helpful tips on personal money management from Percy the Penguin after each task is completed. The cards are designed to help people with disabilities like autism, Aspergers, ADHD, Down Syndrome and cognitive special needs navigate day-to-day banking activities, and gain confidence as they complete each step.

"This new tool for the MagnusCards app will help the thousands of Canadians who need support performing some of the banking tasks many of us take for granted," says Lynne Kilpatrick, Senior Vice-President, CIBC. "By partnering with the innovative tools MagnusCards has developed, we are helping individuals with special needs learn to bank independently." "In North America, 6.3 million people have special needs. When I designed this app, it was with my brother, Troy, and this community in mind. He lives with autism and struggles with daily tasks that many people find simple," adds Ms. Hamilton. "Banking is one of those activities and helping him learn the basics empowers independent living."

CIBC recognizes the importance of diversity and inclusion. It works closely with Specialisterne Canada, to hire employees on the autism spectrum, helping them to reach their full potential in the workplace. The bank also proudly supports organizations like Autism Society Ontario and Autism Speaks Canada, which assist people with various visible and invisible disabilities.

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

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### **23. HELSINKI SELECTS GEMALTO TO LAUNCH MOBILE TICKETING IN-APP BILLING**

*Source: Gemalto (06/02)*

Gemalto has deployed a new mobile app-based ticket for the greater Helsinki area through its Netsize Transport Ticketing offer. Finnish users of the Helsinki transport network will now be able to use their mobile phones to pay for public transport beyond the central tram and metro network, with the cost of the ticket debited to the user's mobile phone bill at the end of the month. The use of a mobile app complements the existing SMS tickets in use since 2006. Gemalto provides the direct billing connections to the mobile network operators over the Netsize platform. Helsinki citizens take advantage of this new mobile ticket by first downloading the Region of Helsinki ticket application on their mobile device. Then, when getting onto the bus, train, ferry, metro or tram, the user simply selects their journey from a menu, confirms the purchase and the ticket is delivered to the app.



The application back-end system uses the Netsize platform to identify the user and charge them for the purchase of the ticket.

"We have been working with Netsize since 2012 when they won the public tender for implementing SMS ticketing for the inner Helsinki area," said Head of Ticketing Group Risto Vaattovaara from the Passenger Services Department at HSL (Helsinki transport operator). "This recent extension was decided at the request of the public and we were pleased to continue to work with them to further develop the existing solution to a mobile application." "Helsinki is one of the forerunners in deploying innovative solutions to ease the daily life of its citizens. This service will touch more people in more places, by widening the net for mobile ticketing and bringing greater convenience," said Benoit Bole, Senior Vice President of Netsize at Gemalto. "On our side, offering an in-app ticket in addition to the SMS ticket is a natural evolution."

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

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## **24. SCOTIABANK LAUNCHES APPLE PAY FOR DEBIT AND CREDIT CARD CUSTOMERS IN CANADA**

*Source: Scotiabank (06/01)*

Scotiabank launched Apple Pay for customers in Canada. Effective today, customers with a Scotiabank debit card or eligible credit card can use Apple Pay both in-store and within apps. "At Scotiabank, we are embracing a digital transformation and are committed to providing our customers with safe, secure and innovative financial tools and services that are tailored to their needs," said Mike Henry, Executive Vice President of Retail Payments, Deposits and Unsecured Lending at Scotiabank. "We are delighted to add Apple Pay to our robust line-up of mobile payment solutions." With Apple Pay, Scotiabank customers will receive the same number of loyalty rewards for their transactions for eligible Scotiabank credit or debit cards that they currently use, no matter what payment option that they choose.

Apple Pay is ready to use immediately after adding an eligible Scotiabank payment card to Apple Pay. Customers can add a Scotiabank payment card on an iPhone, or Apple Watch, or iPad, in three simple steps. To get started, look for the "Wallet App" on iPhone and Apple Watch and "Open Settings" on iPad. More information about Apple Pay from Scotiabank is available at [www.scotiabank.com/applepay](http://www.scotiabank.com/applepay). Apple Pay is compatible with the following devices: iPhone 6s, iPhone 6s Plus, iPhone 6, iPhone 6 Plus; iPhone SE; iPad Air 2, iPad mini 3, iPad mini 4, iPad Pro; Apple Watch (paired with iPhone 5 or later).

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

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## **25. INGENICO GROUP AND NANOPAY CORPORATION PARTNER TO ENABLE CANADIAN RETAILERS TO ACCEPT MINTCHIP DIGITAL CASH**

*Source: Payments Business (06/15)*

nanoPay Corporation, a fully integrated loyalty and payments platform provider and Ingenico Group announced a new partnership in which Ingenico Group will integrate nanoPay's MintChip digital cash platform into its Telium system, enabling merchants to accept MintChip using their existing Ingenico Group smart terminals. The partnership will provide a more seamless, secure and faster payment experience for both merchants and consumers, while bringing Canada one step closer to becoming a cashless society. "Ingenico Group embraces innovative solutions in Canada that expand our reach to a new generation of digital customers," said Suzan Denoncourt, Managing Director, Canada for Ingenico Group. "This partnership further reinforces our leadership position in payments technology by enabling MintChip digital cash transactions for the thousands of retailers using our smart terminals across Canada."

Using Ingenico Group's smart terminals integrated with MintChip, consumers can pay for goods and services with their MintChip-enabled app at participating stores with a tap or quick scan of their phone at checkout. MintChip transactions settle in real time and eliminate costly chargebacks for merchants. "As demand grows for convenience at checkout, it is undeniable that mobile payment solutions are changing consumer behaviour," said Laurence Cooke, CEO and Founder of nanoPay. "Ingenico Group is the clear leader in merchant payment terminals in Canada and our partnership provides an opportunity to introduce MintChip to their large merchant network, while providing Canadians with the security, convenience and simplicity of digital cash." The integration of the MintChip platform into Ingenico Group's payment technology is currently undergoing certification and will be commercially available in the fall of 2016.

*Ingenico and nanoPay are members of ACT Canada; please visit [www.nanopay.net](http://www.nanopay.net) and [www.ingenico.com](http://www.ingenico.com).*

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## **26. PIVOTAL PAYMENTS BECOMES INTERAC ASSOCIATION DIRECT CONNECTOR, STRENGTHENING ITS CANADIAN PAYMENTS INFRASTRUCTURE**

*Source: Pivotal Payments (06/29)*

Pivotal Payments announced it has achieved certification as Direct Connector to the Interac Association Inter-Member Network. With full debit authorization and settlement services, Pivotal's Interac Association membership allows it to become a single source provider for end-to-end debit card payment solutions to its partners and merchants across Canada. Pivotal's Interac Association certification delivers merchant benefits such as improved billing flexibility, faster funding times, plus a single statement and settlement for both



credit and debit card transactions, including one merchant deposit. The certification furthers Pivotal's goal of owning every aspect of the merchant relationship to provide a better overall payments experience by simplifying and reducing dependency on third-party providers. Pivotal's front-end technology platform, TANGO, provides direct connectivity, processor independence, margin enhancement and other efficiencies.

Pivotal Payments offers business owners the ability to take advantage of Interac Association's strong presence in Canada. According to a recent report by the Canadian Bankers Association, 94% of Canadians have a debit card that can be used at hundreds of thousands of Interac Debit and Interac Flash accepting merchant locations across the nation, with that number having grown year over year. In Canada's competitive digital payments environment, Interac products and services provide merchants with innovative and secure payment acceptance options to better satisfy consumer demand. "We're excited to begin offering the benefits of Interac Association certification to our merchants and sales partners. It's one of the first value-driven merchant services we've launched tied into our advanced TANGO processing platform," said Philip Fayer, president and chief executive officer of Pivotal Payments. "By providing a direct physical connection to the Interac network, our merchants will enjoy a streamlined relationship with Pivotal, simplified reconciliation for all card transactions and even better back-end support."

"We found that consumer behaviour is a major driver in the future of payments innovation," said Keith Birdsong, chief technology officer of Pivotal Payments. "Our merchants have indicated what their customers want are better payment security, convenience and ease of use at the checkout. The Interac network has these features and more. Our TANGO platform allows us to scale our solutions so our clients can take advantage of payment technology that not only meets, but exceeds the needs of their businesses and their customers."

*Interac and Pivotal Payments are members of ACT Canada; please visit [www.interac.ca](http://www.interac.ca) and [www.pivotalpayments.com](http://www.pivotalpayments.com).*

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## **27. CANADIAN OPEN-LOOP PREPAID MARKET HITS \$3.1 BILLION IN 2015**

*Source: Canadian Prepaid Providers Organization (06/15)*

The Canadian Prepaid Providers Organization (CPPO) released a new benchmark study entitled, Canadian Open-Loop Prepaid Market: 2015, that reveals the open-loop prepaid card market in Canada reached CAD\$ 3.1 billion in total dollars loaded onto cards. The Canadian open-loop prepaid market has eight active segments compared to 17 in the U.S., showing significant growth opportunity for prepaid programs in Canada. The Canadian market is expected to follow U.S. trends, where open-loop prepaid cards are the fastest growing form of electronic payment. Mercator Advisory Group reported that the total load value in



the U.S. reached USD\$ 264 billion in 2014. Mercator Advisory Group, the leading payments analyst firm in North America, conducted the study on behalf of the CPPO and it is the first of its kind to examine the size of the Canadian open-loop prepaid market. The firm has been measuring the size of the prepaid market in the U.S. since 2004 and has now applied its benchmarking process to the Canadian open-loop market.

Key findings from the study revealed that:

- General purpose reloadable card loads total CAD\$ 1.84 billion (the average load per card is CAD\$ 2,016)
- Open-loop gift card loads total CAD\$ 1.03 billion (the average load per card is CAD\$ 83)
- The average load onto consumer funded prepaid cards is CAD\$ 218
- The average load onto corporate funded prepaid cards is CAD\$ 125
- The average load onto corporate funded cards used for consumer and employee/partner incentives is CAD\$ 110

“People in the U.S. have used open-loop prepaid cards for more than a decade to reduce debt and better manage their budgets and we expect Canadians to embrace these products in a similar way,” said Ben Jackson, Director, Prepaid Advisory Service, Mercator Advisory Group. “We predict that open-loop prepaid will grow as individuals, businesses, and governments use these cards to solve real pain points and increase efficiencies in the Canadian market and this study shows that great potential.” In Canada, the average load per general purpose reloadable card was CAD\$ 2,016 in 2015. In the U.S. the average load was USD\$ 2,515 in 2014, the latest year data that was available. Additionally, Canadians reported a higher level of satisfaction (73 per cent) with reloadable open-loop prepaid cards than Americans, where there is a 70 per cent satisfaction rate with open-loop prepaid cards. Knowing that Canadians are looking for secure and convenient ways to manage their finances, budget and reduce debt, prepaid products are forecasted to grow in popularity as an effective financial tool.

“This data confirms that open-loop prepaid is a significant payment tool in Canada that effectively fills the gaps in the current payment system through strong collaborations with financial institutions and the Fintech community,” said David Eason, Chairman, CPPO. “This research is being launched in conjunction with the ACT Cardware and CPA Payments Panorama conferences, providing the entire Canadian payments community with the opportunity to learn more about the growing market.” Employers are also benefiting from the business uses of prepaid cards, including: corporate disbursements, payroll, healthcare disbursements, disaster relief, government disbursements, student cards and employee incentive programs. Benefits Canada recently revealed that 60 per cent of Canadians say their employer’s rewards program does not motivate them to do a good job and employees prefer prepaid cards 16 times more than receiving company-branded merchandise for a job well done. In addition, open-loop prepaid cards lessen company expenses by reducing the number of cheques in circulation.





*The Canadian Prepaid Providers Organization (CPPPO) is a member of ACT Canada; please visit [www.cpppo.ca](http://www.cpppo.ca).*

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Since 1989, ACT Canada has been the internationally recognized authority in the market. As the eyes, ears and voice for stakeholders focused on secure payment, mobile, NFC, loyalty, secure identity, and leveraging EMV, we promote knowledge transfer, thought leadership and networking. We help members protect their interests, advance their causes, build their business and grow the market. We take a neutral and non-partisan approach to all issues, facilitating collaboration among issuers, brands, acquirers, merchants, regulators, solution providers, governments and other stakeholders. Over 50% of our members have been with us for more than 5 years, enjoying ongoing value from their affiliation with ACT Canada. Please visit [www.actcda.com](http://www.actcda.com) or contact our office at 1 (905) 426-6360.

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