



Welcome to the **March** 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

Canadian Credit Union Association ~ member since 1990
Desjardins ~ member since 2012

General Member

EnStream LP ~ member since March 2013
Financial Institutions Commission (FICOM) ~ new member



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

Calendar Of Events

Money20/20 Europe

Apr 4 - 7, 2016

Copenhagen, Denmark

ACT Canada Members receive a €200 discount

<https://www.money2020europe.com>

Host Card Emulation Summit 2016

April 14, 2016

New York, NY, USA

ACT Canada Members receive a 30% discount

<http://www.hcesummit.com/newyork/>

Payments Summit

Apr 4 - 7, 2016

Orlando, FL, USA

ACT Canada Members receive a 20% discount

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

ACT Networking

Apr 26, 2016

Houston Avenue Bar & Grill, Toronto, Canada

ACT Canada Members receive a 35% discount

<http://www.actcda.com/calendar/act-canada-events/active-networking.html>

Card Forum & Expo

Apr 12 – 14, 2016

Los Angeles, CA, USA

<http://www.paymentssource.com/conferences/cfe/>

2016 ATMIA Canadian Conference

May 17 – 18, 2016

Toronto, Canada

<https://www.atmia.com/conferences/canada/>

Women in Payments

Apr 13, 2016

Toronto, Canada

<http://www.actcda.com/calendar/act-canada-events/women-in-payments.html>

International Cryptographic Module Conference

May 18 – 20, 2016

Ottawa, Canada

<http://icmconference.org/>

ACT Canada Members receive a 20% discount



Cardware 2016

Jun 14 - 15, 2016

Marriott Gateway on the Falls,
Niagara Falls, Canada

*ACT Canada Members receive
substantial discounts by using their
member rate*

<http://www.cardware.ca>

ACT Events

ACT Canada is hosting the following events in April:

- Women in Payments, Apr 13, Toronto, Canada
- ACT Networking, Apr 26, Toronto, Canada

ACT is on the Road and will be at the following events in April:

- Money20/20 Europe, Apr 4 – 7 in Copenhagen, Denmark
- Payments Summit, Apr 4 - 7 in Orlando, FL

Cardware Update

What does it really mean to be Strategic about Innovation? At Cardware 2016 join all of your industry colleagues and engage in interactive sessions that explore the theme of Strategic Innovation. Don't miss out when we discuss and debate the following topics on day one:

- Payment Innovation: From Possible to Inevitable - What Needs to Change?
- The Marriage of Market Changes and Strategic Innovation
- Collaborate to Innovate
- Fintech: Build or Buy?
- The Complex Consumer: a Strategic Approach

And to really dive into the details, you need to be part of the breakout sessions on day 2 to explore:

- Why are we doing this?
- 'How' & How Not' to move forward
- What's next & when
- Prepaid opportunities in Canada

The full Cardware 2016 agenda will be revealed in the coming weeks but you can register right now. Come to Cardware and

- Connect with People
- Join the Dialogue
- Come away with real Insights

For more information on attending, exhibiting or sponsorship opportunities, please visit www.cardware.ca.



1. EDITORIAL - Has there ever been a more difficult time in payment?

Source: Catherine Johnston, CEO, ACT Canada (03/31)

Much of the focus on innovation is directed towards millennials, but the 2 most populous groups are millennials and boomers/seniors. In fact, there are more 70 year olds alive today than at any time in history. Here is the issue. These two groups interface with the world in such different ways that they are forcing us to support significantly diverse ways of doing things. Then it gets even more complex, because physical differences mean that some (read many) seniors can't or won't use the devices that millennials favour. Even service expectations differ. Millennials, they say, don't care if service is friendly as long as it is fast. Seniors expect fast (yes, we are impatient) and friendly service. Already there is a difference between older and younger, high and low income millennials and you have to think about how they will change as they age. How do you build a strategy for this?

Join us at Cardware 2016 where the payment industry will hear about and talk about strategic innovation.

2. NXP'S MIFARE DESFIRE EV2 FAST TRACKS MULTI-APPLICATION SMART CARDS

Source: NXP (03/01)

NXP Semiconductors N.V. announced the launch of a new contactless development platform specifically designed to champion new and emerging business models for the smart card market - MIFARE DESFire EV2. Offering an improved operating range and security support from NXP's latest platform, MIFARE DESFire EV1, up to Common Criteria level EAL5+ MIFARE DESFire EV2 is an ideal platform to enable the smart infrastructures of tomorrow. With DESFire EV2 multiple applications, such as public transport ticketing, bike rental, access management, closed-loop payments, membership, loyalty programs and much more, can now be integrated on a single smart card. The new MIFARE DESFire EV2 platform is fully backwards compatible with existing MIFARE DESFire installations, offering a fast replacement and migration for established providers wanting to upgrade their systems. The new platform will be demonstrated at the IT-Trans Conference and Exhibition, held March 1-3, 2016 in Karlsruhe, Germany.

One of the differentiating features of NXP's new MIFARE DESFire EV2 is the ability to seamlessly incorporate and add different applications onto the smart cards once they have been issued and are being used by consumers. In the past, adding new applications to a smart card already in circulation was cumbersome – updates typically required access to the master security key and so cards had to be recalled from the field. Different operating environments also limited the types of applications that could be loaded onto the card resulting in additional complexity when creating apps. Now, with the innovative MIsmartApp and an enhanced key



management system developed for MIFARE DESFire EV2, independent system integrators can create a single application for different environments or card systems without the card provider sharing the master security key

“The second evolution of our industry-leading MIFARE DESFire open architecture platform for smart cards offers exceptional performance, state-of-the-art security and privacy as well as enhanced multi-application support to make new business models possible,” said Ulrich Huewels, general manager and senior vice president, secure identification solutions, NXP Semiconductors. “It also enables a significantly enhanced consumer experience. MIFARE has always been known as a fast and convenient contactless ticketing solution. Now consumers can use the same device for other applications such as payments or student ID.” “NXP’s MIFARE DESFire EV2 allows cities to easily integrate additional services like our bike-sharing service to existing city cards,” said Sebastian Schlebusch, director international business development, nextbike GmbH. “As a provider of complementary mobility services to existing public transport systems we are collaborating closely with public transport authorities around the globe to integrate our services with their well-established public transport networks. Here, the MIFARE DESFire EV2 platform provides us with unprecedented levels of flexibility. It gives us the potential to significantly increase our customer base while offering an innovative and useful service.”

“We have been using MIFARE DESFire and MIFARE DESFire EV1 for more than 10 years and appreciate the continuous evolution of this NXP product family,” said Pascal Roux, innovation manager, Xerox Business Solutions France. “The new features and the enhanced performance and security level of MIFARE DESFire EV2 will enable outstanding fare collection systems.” The new MIFARE DESFire EV2 development platform also includes the Transaction MAC (TMAC), a verification feature for card transactions. Ideal for contactless systems with multiple operators and /or merchants, the TMAC ensures that all payment claims to the merchant clearing houses are valid and can be processed. The TMAC allows the backend systems to detect forged transactions, a repeat of a valid transaction and unreported transactions.

NXP Semiconductors is a member of ACT Canada; please visit www.nxp.com.

3. BMO, MASTERCARD ROLL OUT BIOMETRIC CORPORATE CARD PROGRAM

Source: Mobile Payments Today (03/25)

BMO Financial Group and MasterCard marked the beginning of a phased launch of the first biometric corporate credit card program in Canada and the U.S. that will enable cardholders to verify transactions using facial recognition and fingerprint biometrics when making online purchases, according to a press release. The companies said the introduction of this technology will increase security when



making payments that don't include a face-to-face interaction, and will be integrated seamlessly for easy use in reducing the likelihood of a card being used by anyone who is not the cardholder, according to the announcement.

Beginning with corporate cards issued to BMO employees in Canada and the U.S., the MasterCard Identity Check mobile app will prompt participants to:

- Scan fingerprints or snap selfies to validate their identities via biometrics; and
- When verified, return to the merchant site to complete the online purchase

"The use of biometric technology has become more common for consumers looking for convenient and secure ways to make purchases using their smartphones, so this was the natural next step for us as innovators in the payment security space," said Steve Pedersen, vice president and Head of North American corporate card products for BMO Financial Group. "Mitigating the risk of fraud is always our top priority, and the inclusion of this technology is going to make payment authentication easier, and strengthen the security of the entire payments ecosystem." Pedersen added that the first phase will test the potential of delivering greater security and convenience using BMO employee corporate cardholders in the U.S. and Canada, including establishing and improving best practices in corporate environments, developing better protection against potential fraud and continually minimizing the need for customer service inquiries. Once complete, the next phase will be to make the technology available to customers more broadly beginning in the summer of 2016.

"With BMO, MasterCard is hosting our first Canadian and U.S. corporate card biometric user engagement. It's always exciting to introduce biometrics to new cardholders. They quickly realize that they don't have to sacrifice convenience for security. By snapping a selfie or scanning a fingerprint, the person becomes the password," said Catherine Murchie, senior vice president of North America processing, enterprise security and network solutions for MasterCard.

MasterCard is a member of ACT Canada; please visit www.mastercard.ca.

4. SURETAP ADDS LOYALTY TO BECOME CANADA'S MOST REWARDING DIGITAL WALLET

Source: Canada Newswire (03/04)

Suretap announced the addition of a new loyalty section to its mobile wallet application. Making it easier for Canadian consumers to earn, redeem and manage loyalty points, the new capability is made possible in part through a partnership with Points. Since launching the wallet with the support of Canada's leading wireless carriers, suretap has almost 1 million downloads and has integrated a wide range of encrypted virtual credit cards and gift cards into the wallet. The addition of loyalty rewards from merchants, airlines, hotels and other businesses



represents another important step in suretap's mission to empower Canada's mobile consumers. Still to come are debit cards, coupons and other offers. Suretap makes it convenient to add your loyalty cards to the app, and then simply scan or provide the loyalty number to collect points at participating retail locations. "While loyalty programs are an incredibly important part of today's consumer experience, they are often challenging to manage and some consumers actually have a second wallet just for their loyalty cards," said Almis Ledas, president of suretap. "By integrating loyalty into the suretap digital wallet, we are not only doing away with 'loyalty bulge', we are making it far more convenient to take advantage of loyalty opportunities, maximizing the value of every program."

The addition of loyalty into the suretap wallet also allows participating merchants to deepen their relationships with customers by directly communicating to them relevant offers and promotions. More than 20 popular loyalty programs, including 7 of the top 10 programs in Canada, are now available with suretap. By enabling users to track loyalty points across various programs, suretap makes it easy to accumulate points for higher-level redemptions. For example, families that pool their points into a single account can now use suretap to add joint loyalty program information onto each family member's Android device. The service will soon include support for Blackberry devices too.

5. MNP EXPANDS CYBERSECURITY SERVICES BY MERGING IN NCI, A LEADING CYBERSECURITY FIRM

Source: MNP LLP (03/08)

MNP LLP announced that NCI, a cybersecurity services and solutions firm, will join MNP effective April 1, 2016. "Cybersecurity is more than a technology issue, it's a critical business risk and one of the leading and growing business threats in the world," said Jason Tuffs, CEO, MNP. "As a firm, we wanted to enhance our services in cybersecurity for our clients and merging in a full-service cybersecurity firm of leading experts made the most sense. It's truly a win-win situation for both our firms and the clients we serve." NCI was founded in 2000 by IT professionals Danny Timmins (CEO & President) and Eugene Ng (CIO). Their goal was to create a company that offered a full range of services and solutions related to cybersecurity. NCI has grown to include offices in Mississauga, ON and Montreal, QC, as well as satellite offices in Sydney, NS and St. John, NB.

As leaders in the cybersecurity industry, the firm has been recognized year-after-year with numerous awards, including: CRN Magazine's Top 25 North America 'Need to Know Security VAR' List, CRN Next – Gen 250 List, Branham 300 Top 10 Canadian ICT Security Companies, Branham 300 Top 20 Movers & Shakers, CDN Top 100 Solutions Providers, Profit 500 Canada's Fastest Growing Companies and Branham 300 Top 250 Canadian ICT Companies. "MNP already had a growing technology consulting and cybersecurity practice, but was looking for a like-minded firm to build on their strategic plans for growth in offering



cybersecurity services and solutions. At the same time, we were looking to expand our service capability across the country, while offering other specialty consulting and risk services to our valued clients,” added Danny Timmins, CEO & President, NCI. “MNP and NCI had discussed opportunities to work together over the last few years. As we got to know each other better, both firms grew quite impressed with each other’s people, experience and expertise. This is a truly a mutually-beneficial union and we are very excited to have found the perfect firm, one that puts clients first, that will allow us to offer clients a greater breadth of services to address their growing business needs.

As a national accounting and business consulting firm operating for more than 55 years, MNP has grown to more than 80 locations with over 3,500 team members from Victoria to Montreal. In addition to tax and accounting expertise, MNP delivers a diverse range of advisory services, including corporate finance, valuation and litigation support, succession planning, investigative and forensic accounting, cross-border taxation, as well a full breadth of services in enterprise risk services, including governance, risk management, internal audit, regulatory compliance, business resilience and operational effectiveness. Tufts added that this merger will take MNP’s Technology Solutions practice to a new level across the firm. “MNP focuses on strategic mergers for the benefit of our clients. This merger will allow us to build on our existing strengths and ensure we continue our client-focused approach to doing business while ensuring our clients are protected against growing cyber threats.”

Timmins will become MNP’s National Cybersecurity Leader and Ng will join as the firm’s Cybersecurity Leader for Eastern Canada. Timmins expects the transition to be seamless for their team and clients. While the Montreal NCI staff will move into MNP’s Montreal office, the remaining NCI locations, including their main office in Mississauga, will remain in their current locations.

MNP LLP is a member of ACT Canada; please visit www.mnp.ca.

6. OT PARTNERS WITH MONDAINE TO OFFER WATCH CONTACTLESS PAYMENTS

Source: virtual-strategy.com (03/17)

Oberthur Technologies (OT) announced its selection by Mondaine, a leading player in the watch industry, to offer watch contactless payments firstly in Switzerland, by providing the world’s first contactless payment chip the size of a SIM card for the watch market. OT’s pay chip is independent from the watch as it is inserted into the watch band or loop and can be easily removed and inserted with another watch, allowing consumers to always have their ‘OT credit card’ with them on the wrist. “We are very pleased to launch this new product in the watch country by excellence” commented Eric Duforest, Managing Director of the Financial Services Institutions Business at OT “This demonstrates our commitment



to innovation and to offering high-end wearable products. This state-of-the-art product will enable banks to propose an enhanced value proposition to their cardholders, including the convenience of contactless payment”.

“Today, we are extremely proud to be able to make a new step into the world of connected watches. The contactless payment device from OT which Mondaine can launch exclusively is a clear statement of the family owned company (since 1951) to be at the forefront of technology. The Mondaine pay chip inside our watch strap, provided by OT, allows the consumer not only to be independent of its wallet but also to switch the pay chip between watches. This definitively gives us advantages over our competitors in the watch and mobile industry” said André Bernheim – CEO Mondaine.

Oberthur Technologies is a member of ACT Canada; please visit www.oberthur.com.

7. APPLE PAY'S BIG DROP

Source: PYMNTS.com (03/18)

About 18 months ago, Apple Pay awakened the world to the possibilities and potential of using a mobile phone as a replacement for a plastic card at the physical point of sale. Could Apple succeed where so many had failed? The world watched, waited and speculated. PYMNTS, in partnership with InfoScout, decided to put some data behind the watching and launched the PYMNTS/InfoScout Apple Pay Adoption Tracker in November of 2014. And ever since then, once a quarter, we push a survey to customers who can use Apple Pay (were in a store that accepted it and had a device capable of tapping into it) “in the moment” to understand if they’ve used Apple Pay to complete a particular transaction, and, if not, why not. Our study actually looks at what consumers have done, not what they might do if given the opportunity.

The latest results were presented at PYMNTS Innovation Project 2016 at Harvard University. And they are a bit troubling if you’re Apple. The good news is that more consumers are trying Apple Pay. But that’s about it for the good news. The bad news is that trying it is not building converts. Lots of users don’t use it again. Eligible usage is off 24 percent from last quarter and down 41 percent from this time last year. But that’s not the most worrisome finding if you are Apple Pay. The study revealed that for the first time, consumers are making a conscious decision to use something else — namely a card. Complicating these findings somewhat is that Apple is failing to inspire committed users in a field that is growing ever more crowded. For the first time, PYMNTS and InfoScout expanded our tracker to the other prominent wallet players that tend toward appearances in headlines. And they are ahead of where Apple Pay was at the same time in its lifecycle – and one of those rivals is doing a better job of inspiring repeat uses.

The Good News

It looks like an increasing number of users are at least trying Apple Pay, at 23 percent. This reflects a change in the data pattern from the previous two studies, which indicated that a decreasing percentage of users were experimenting with Apple Pay. The results suggest that the decline was consistent with the diffusion of Apple Pay now beyond the technologically enthused early adopters. So, Apple has been effective in getting the word out about Apple Pay to a wider base of potential users. The problem is they might be catching user interest, but they aren't holding it.

Declines In Repeat Use

The not so good surprise, from the point of view of Apple Pay usage, is the simple fact that repeated use is on the decline. It appears that people are not finding enough value and are choosing other methods of payment instead, which are cards, and, interestingly, cash.

Why the lack of repeat use?

Ubiquity has a part to play here as "forgot" remains the leading reason at 21 percent, but that has dropped since previous surveys when it represented a third of the cases when consumers took a pass on re-using Apple Pay. Lack of certainty about whether or not the store accepts the payment method is in the No. 2 spot, represented by 16 percent of consumers. That's not great news, but worse news is the rise in cases where customers could have used Apple Pay but chose to skip it in favor of paying with cash (14 percent), because they didn't want to (13 percent), or because they didn't feel comfortable using the system (7 percent). All in, one-third of the time, consumers aren't using Apple Pay again because they like something else better or don't like it enough to try it out again.

Rising Competition

Apart from falling repeat usage, Apple Pay also faces a host of emerging competitors also trying to snag the as-of-yet still untapped 97 percent of transactions where mobile payments could theoretically be happening, but aren't yet. Moreover, though Samsung Pay, Android Pay and Google Wallets' adoption rates lag behind Apple's at this point, they are doing better than Apple was at the same time in its rollout. Samsung Pay, the data show, is performing better in terms of repeat usage. So Apple, it seems, has done a good job of paving the way for other mobile players — if for no other reason by bringing attention to the space.

But, if it can't find a way to add more value beyond a form factor substitute, that data suggests that it may run the risk of being passed on the trail it helped to blaze.



8. DEBIT NETWORK ALLIANCE (DNA) QUALIFIES EMV LEVEL 3 TEST SUITE FROM ICC SOLUTIONS

Source: ICC Solutions (03/30)

ICC Solutions is delighted to announce the release and immediate availability of the Debit Network Alliance (DNA) EMV Level 3 Test Suite featuring the full set of test cases outlined in the DNA Terminal Certification Test Plan and used to verify that a chip terminal configured with the DNA AID operates in compliance to the DNA Card Specification. ICC Solutions is one of the first Test Tool vendors able to offer qualified test suite for the DNA Terminal Certification Test Plan enabling U.S. Acquirers, Processors, ISV's and Merchants to perform the set of tests required for certification with DNA and thereby enabling the deployment or upgrade of EMV chip terminals to accept EMV chip cards containing the DNA AID.

According to Dave Maisey CEO / Managing Director at ICC Solutions, "ICC Solutions welcomes the DNA test suite as the latest addition to our extensive portfolio supporting EMV migration and adoption in the U.S. re-enforcing our position as global leader in provision of qualified test tools. This new test suite features same leading edge automation features present in all ICCSimTMat test suites ensuring our customers benefit from a consistent and efficient certification test campaign."

ICC Solutions is a member of ACT Canada and an exhibitor at Cardware; please visit www.iccsolutions.com.

9. TSYS PARTNERS WITH ETHOCA FOR FRAUD AND CHARGEBACK REDUCTION

Source: CardNotPresent.com (02/29)

TSYS announced it has partnered with antifraud technology provider Ethoca to launch a service that will leverage information from issuing banks to send alerts to online merchants that will identify fraud and reduce chargebacks. Toronto-based Ethoca partners with a network of credit-card issuers who share information about confirmed fraud. TSYS merchants with access to this information through its new Transaction Recovery Network now can work with customers on disputes before they turn into chargebacks. "With the continued growth of e-commerce payments and the anticipated rise in card-not-present fraud, efficient collaboration between issuing banks and merchants is crucial to help mitigate risk and improve the cardholder experience," said Andrew Mathieson, group executive at TSYS. "The TSYS Transaction Recovery Network enables a collaborative efficiency that reduces online fraud and operational expenses associated with chargebacks."

TSYS is a member of ACT Canada; please visit www.tsys.com.

10. AMAZON FILES 'PAY-BY-SELFIE' PATENT

Source: *CardNotPresent.com* (03/17)

Amazon has entered the "pay-by-selfie" race. The Seattle-based e-commerce giant has filed for a patent that would enable mobile shoppers to authenticate themselves using the camera on their device, according to published reports. Amazon is not the first company to explore a mobile identity verification solution based on users taking a photo or video of their own face. Alibaba's Jack Ma nearly a year ago demonstrated the Chinese company's version the technology and MasterCard tested a similar solution last summer with a California credit union. Until now, online retailers have relied mainly on the traditional username/password combination to ensure the faceless shoppers using their Websites, mobile sites and mobile apps to make purchases are who they represent themselves to be. In its filing, Amazon noted the security challenges inherent in easily-hacked passwords as well as the difficulty of entering information manually on the small screen of a mobile device. Amazon's patent would cover a solution that could authenticate a user's face and ensure it was a living human being—rather than a photo used to spoof an identity—by reading information such as a blinking eye.

The company has not commented publicly on the patent, nor has it confirmed it is working on a solution. But, could the two biggest e-commerce retailers on the planet, along with one of the biggest credit-card brands in the world, be driving us toward "pay-by-selfie" soon? The race is on.

11. NEW VISA CHECKOUT 'SWIPE' BUTTON INCREASES CONVERSION

Source: *CardNotPresent.com* (03/14)

Visa unveiled a feature it has added to its Visa Checkout user interface it said increases conversion on mobile devices during the payment process. On sites that accept Visa Checkout as a payment method, users can swipe across their phones when they pay. An image of a small Visa card is swiped left to right on a blue bar and then users enter their password in the bar to authenticate themselves. "Visa Checkout's new interactive button is yet another way we are designing the future of online checkout and delivering on our promise to bring the simplicity of the swipe to any device," said Sam Shrauger, senior vice president of digital solutions for Visa. "This design-led innovation is proven to increase conversion, helping merchants reach new customers—especially millennials, who are increasingly using their mobile devices to make purchases." Visa said it conducted tests of the new button with Pizza Hut, which generated conversion rates twice as high as the old Visa Checkout "lightbox" button. Tests with Virgin America and Fandango showed less significant increases but users were still 1.3 times as likely to complete their payment with the new button as they were with the old, the company said.

Visa is a member of ACT Canada; please visit www.visa.ca.

12. CHINA APPLE PAY LAUNCH: 3 MILLION CARDS IN 2 DAYS

Source: PYMNTS.com (03/02)

Within just two days of Apple Pay finally launching in China back on Feb. 18, Chinese shoppers reportedly activated 3 million payment cards within the mobile wallet. According to China Merchants Bank, its customers connected 1 million bank cards to Apple Pay within the first couple days of the payment method becoming available, representing 35 percent of cards connected with Apple Pay in China, Internet Retailer reported Tuesday (March 1). China Merchants Bank is just one of the 19 financial institutions involved in Apple Pay's rollout in China, including the country's sole debit card network, China UnionPay. So far, Apple has secured the support of the credit card issuers/networks that account for 80 percent of China's credit/debit cards. There are also 16 retail chains now supporting Apple Pay in the country, including Starbucks, McDonald's and Kentucky Fried Chicken, with many also promoting discounts and offers for consumers who use Apple Pay.

It's no surprise Apple is satisfied with Apple Pay's fast start within its fifth country launch. "I would rate our first-day performance as 1,000, if the full score is 100," Jennifer Bailey, vice president of Apple Pay, said at a mid-February press conference in China. But the Apple Pay launch in China has not gone off without just a bit of controversy. Just a week after the rollout, Apple was accused of cutting a deal with Chinese banks to charge them less fees than what it charges banks in the U.S., which could explain why China's banks were finally ready to jump on the Apple Pay bandwagon. While the report from the Chinese news site Caixin cited unnamed sources said to be close to the matter, it came at an interesting time as it was somewhat curious what made China's banks give into Apple's deal since there are already other mobile payments options (like Alipay) dominating the consumer payments market.

What the sources indicate is that Apple will get 0.07 percent of each Apple Pay transaction, which is less than half of what U.S. banks fork over to Apple per transaction. In the U.S., banks are charged 0.15 percent fees on each purchase. Apple will reportedly begin collecting its fees in two years post-launch. While these details about China's banks and Apple Pay transaction fees are not confirmed by Apple, it isn't out of the realm of possibility, especially because the bank fees were at the root of what delayed Apple Pay from coming to China sooner. A deal was eventually made in December to bring Apple Pay to 15 of China's banks, which is now up to 19.

China UnionPay is a member of ACT Canada; please visit www.unionpay.com.

13. BLOCKCHAIN-ENABLED SMART CONTRACTS: APPLICATIONS AND CHALLENGES

Source: *Let's Talk Payments (03/08)*

What are smart contracts and how did they start? One of many advantages of distributed ledger technology is a “smart contract.” The smart contract is quite a simple concept. The aim of a smart contract is to reduce the human factor in transaction processing and verification. A software protocol automates and self-executes an action when certain conditions are met. The automation and self-sufficiency can significantly cut the costs and diminish the risks for businesses and individuals. The cost-efficiency comes from the reduction of overhead necessary to initiate, execute and enforce contracts. Smart contracts started with Nick Szabo, the author of the Smart Contracts: Building Blocks for Digital Markets paper, published back in 1997. The concept started with Vending machines. Vending machines have been executing the simplest version of a smart contract for almost 20 years now – they release an item after the correct value is submitted and the selection of an item is made. As smart contracts automate exchanges based on specified conditions, they have a potential to be applied in a wide range of cases. The idea of a smart contract has been explained by organizations quite extensively. Let’s look at some of applications and challenges mentioned across various sources.

Applications

Explaining smart contracts almost 20 years ago, Szabo brought an example of a car loan from the bank. A smart contract between a bank and a car buyer would provide the ownership right to the buyer as long as the person makes loan payments to the bank. In case the buyer fails to make a payment, the smart contract can trigger an action to return the control right over the car to the bank. An external trigger in the shape of a late payment will automatically initiate a blockage of the car and release banks from additional expensive actions like sending an agent or hiring a collecting agency to resolve the issue. The processes are transparent, absolutely clear and automatically executed. Auto-enabled access to rental property with a digital key is another way of facilitating and executing a digital contract in the physical world. It also contributes to the safety of a sharing economy, Airbnb in particular, when the digital key to the premises is disabled automatically after the contract expires.

Smart contracts could be successfully applied in e-commerce, where they can significantly facilitate the trade by reducing counterparty risk and the costs of transacting by minimizing the human factor in the process. Smart contracts can also find an application in M2M communication, allowing devices to perform transactions autonomously given a predefined criterion. In the days of autonomous self-parking cars, the car will be able to pay for the parking lot on its own without a necessity for a passenger to be present. Any case where the value needs to be released upon met conditions is an area of a smart contract application. Funding (scholarship, discount, sponsorship, donation, etc.) can be automatically released

once the conditions for each case are met and verified digitally. Digitally executed due diligence for startups can automatically release the funds as a final step of an investment.

Even gambling is seen as an application area for blockchain-enabled smart contracts. Automated fund release can happen in favor of a winning party according to the outcome of the game. Real estate ownership rights transfer for any reasons (sale, heritage, etc.) can be triggered by the release of will regarding a particular property. Smart contracts' application with real estate eliminates the debate and human politics when it comes to heritage distribution, for example. Upon the primary owner's death, a digital will can automatically trigger the contract execution in favor of a primary beneficiary. Any digital property ownership can be managed with smart contracts. Digital content ownership can be established and manipulated in a simple and transparent way with smart contracts.

Challenges related to smart contracts

With all possible advantages and applications of smart contracts, there are still certain challenges to resolve. Let's look at some of them: The initiation of a digital event from a physical world could be one of the challenges of a smart contract. While it's quite a simple task with digital transactions, the complication occurs when it comes to the initiation of a digital action from the physical world. There are three possible solutions for this task: multi-signature transactions, prediction markets and oracles. Multi-signature transactions require a trust agent to be involved to ensure that the conditions for triggering the contract between the parties have been met and the contract can be executed. With prediction markets, the core idea is that the crowd can make a more accurate prediction of the events than a single expert. While building prediction on certain events, with some economic incentive, crowds can be involved in providing a genuine opinion. The economic incentive can be built in a way so that it rewards the most accurate prediction. Hence, the crowd will be incentivized to act as accurate as possible. Augur is an example of such a project. Augur is an Ethereum-based decentralized prediction market that brings together three core elements into one beautiful solution: the wisdom of the crowds powering prediction markets that are decentralized.

Oracle is the third possible solution for triggering digital events from a physical world. Oracle services are defined as third-parties that are verifying the outcome of the events and feed the data to smart contracts data services. However, there is a problem with oracles themselves. Who can ensure the trustworthiness of an oracle? The Oracle may draw the result from an infinite network, but where is the guarantee that even if each node can be trusted, the result is correct and can be trusted as well? No obligations to execute the contract is another problem to solve with blockchain-enabled smart contracts. Individual transactions are being executed by miners in blocks that are sent through the network for nodes to validate and execute smart contracts on. However, the miner



is not obligated to include a particular transition in a block, which means technically the transaction may go ignored for any reason. This can be a significant problem with high-value transactions. The problem with scalability is inherent to distributed ledger. At this point, the model where each node executes a smart contract doesn't seem to be scalable. It is believed that when the scale is involved, the best option is to divide the bulk of tasks among separate networks. However, it will transform the core concept of a distributed ledger. The word distributed will gain a different meaning and execution. Certain types of operations won't be distributed among individual nodes anymore; they will be distributed among networks. It can potentially completely transform the decentralized, uncontrolled nature of distributed ledger, which is kind of a selling point for it at the moment.

Another problem arises from scalability. Task distribution among small networks will eliminate the main advantage seen in blockchain before – its decentralized nature. Decentralized ledger will not be so decentralized anymore if scalability becomes a priority and sub-networks specialized to perform particular parts of an operation are formed.

14. ACI WORLDWIDE AND VERIFONE PARTNER TO DELIVER THE FIRST PAN-EUROPEAN PAYMENTS PLATFORM FOR AUCHAN GROUP

Source: Verifone (03/16)

ACI Worldwide announced it will partner with Verifone to deliver a comprehensive pan-European card payments platform for Auchan Group, one of Europe's largest food retailers. Auchan relies on ACI's market-leading, omni-channel UP Retailer Payments solution as the foundation for its cross-border payments strategy. In addition, the ACI solution will integrate with Verifone's VX 820 PIN pads and 'payment as a service' provision to manage all types of card and non-card transactions in-store. The new payments platform will also be compliant with the nexo standards, a set of unified card payments standards that aim to drive interoperability across countries, championed by a growing number of retailers across Europe that want to roll them out in the near future.

Andrew Quartermaine, Head of Merchant Retail Europe, ACI Worldwide comments, "ACI has worked closely with Auchan for a number of years and we are delighted to be delivering this innovative payment acceptance offering to position the company for future growth. ACI, Verifone, and Auchan share the same disruptive payments vision and we are pleased to open up our flexible multi-vendor, acquirer-agnostic solution to work collaboratively with Verifone in support of Auchan. We believe that many other major retailers will follow Auchan's lead in helping to shape European payments." Jean-Philippe Niedergang, VP and GM Southern Europe, Verifone says, "At Verifone, our focus is on delivering simple and secure payment solutions that improve consumer engagement at the point of sale, allowing retailers like Auchan to sell more and grow. Our proven payment-as-a-service platform is already used by some of the biggest brands in France and



there are over 3.5 million VX 820 PIN pads installed globally. Verifone will provide deployment and maintenance services for Auchan to ensure its business is always on, and our collaboration with ACI means this leading innovative retailer will have a complete end-to-end solution that manages all types of payment and non-payment transactions, delivering a great shopping experience.”

Arnaud Crouzet, Head of Group Global Payments Development, Auchan Group comments, "This new platform, which complies with the nexo standards, is part of our strategy for a safer, more open and more accessible European centralized payments platform. The partnership with ACI Worldwide and Verifone means we will be able to work with open and flexible solutions. Both companies are open-minded and understand our needs for a new growing market.” The new platform is expected to go live later in 2016 across all Auchan stores in France, providing the ultimate shopping experience for consumers.

Verifone is a member of ACT Canada and an exhibitor at Cardware; please visit www.verifone.com.

15. WUHAN INTEST SELECTS GEMALTO'S LTE TECHNOLOGY FOR CONNECTED CARS IN CHINA

Source: Gemalto (03/29)

Gemalto will provide its Cinterion wireless module to Wuhan Intest Electronic Technology Co Ltd (Intest) to enable 4G LTE connectivity on their Telematics-Box (T-Box). Intest is a leading provider of end-to-end automotive solutions in China. The Gemalto-enabled T-Box will allow device makers to offer fully-connected electric cars, allowing users to enjoy high-speed mobile connectivity for in-car infotainment, emergency roadside assistance, and advanced telematics services. Drivers can even use their smartphones for a secure keyless entry or ignition, for remote diagnostics, and autonomous parking. China is expected to overtake US as the biggest electric car market, following government's plan to have 5 million renewable energy vehicles by 2020. Safety and cost-conscious Chinese are also looking for connected cars that can ease their typical pain points like car safety and security, roadside emergencies, and traffic congestion. Gemalto and Intest's solution will help car manufacturers to provide a winning combination of green vehicles and connectivity for the citizens, driving the popularity of electric cars across the nation.

"Chinese consumers expect a personalized and satisfying customer experience when it comes to car buying," said Mi Feng, CTO at Intest. "With increasing LTE networks across the country, Gemalto's module will provide unprecedented data connectivity to local travelers. The Wi-Fi hot spot in the car will allow passengers to simultaneously connect multiple devices to the Internet, detect charging stations nearby, and enhance mobility experience." "Chinese bought nearly 300% more electric cars in 2015 as compared to 2014[5]," said



Sashidhar Thothadri, Vice President of M2M for APAC at Gemalto. "As in-vehicle connectivity expands from luxury models to high-volume midmarket ones, ability to respond fast to consumer preferences will be key to winning the hearts and wallets of people. With award-winning automotive M2M solutions, we can enable Intest to take a lead in helping OEMs deliver innovative, sustainable solutions with end-to-end security."

Gemalto is a member of ACT Canada and a sponsor at Cardware; please visit www.gemalto.com.

16. INGENICO GROUP NAMES SUZAN DENONCOURT MANAGING DIRECTOR FOR CANADA

Source: Ingenico (03/16)

Ingenico Group announced that Suzan Denoncourt has been named Managing Director for Ingenico Group Canada, responsible for all aspects of Canada's operations. An 11-year veteran of Ingenico Group, Denoncourt succeeds David Chaudhari who held the position since 2011. She previously headed all sales and business development for Ingenico Group Canada. In her new role, Denoncourt will report to Oscar Bello, President, Ingenico Group North America. "We are proud to have Suzan as our new Managing Director of Canada and have every confidence that she and the team will continue to execute and expand on the excellent ground work David performed in that role," said Bello. "Suzan has already proven herself to be a top-notch leader and strategic visionary. She's played a crucial role in driving innovation through her involvement with Ingenico Labs and her ability to identify and execute on key strategic partnerships, such as our recent partnership with the MaRS Discovery District to drive fintech development and innovation in Canada."

Canada is a strategic market within the payments space, and Ingenico Group has been a payments technology leader in Canada since it first entered that market in 1983. During Denoncourt's tenure as head of sales at Ingenico Group Canada, the company has grown to become the undisputed market share leader in Canada. Suzan helped grow not only Ingenico Group hardware sales, but also led expansions into new services and solutions that have helped drive substantial recurring revenue.

Ingenico is a member of ACT Canada and a sponsor at Cardware; please visit www.ingenico.com.



17. TD ADOPTS VISA'S SECURE TOKENIZATION TECHNOLOGY, ENHANCING CUSTOMERS' MOBILE PAYMENT EXPERIENCE

Source: Canada Newswire (03/03)

TD Bank Group (TD) announced it is the first Canadian financial institution to adopt Visa's global standard tokenization technology for its TD app for the Android operating system. Powered by Host Card Emulation (HCE), this tokenization technology provides TD customers with enhanced security by substituting sensitive account information with encrypted "tokens" during mobile payment transactions. An additional benefit to moving to this new solution is a more seamless user experience to set up and begin using mobile payments, in a matter of seconds. "We continually look for opportunities to elevate the digital experience for our customers," said Rizwan Khalfan, Chief Digital Officer, TD. "The adoption of Visa's tokenization solution allows us to deliver a faster, simpler, and more accessible mobile payments experience, backed by a secure technology developed by a global leader in payments."

An evolution in mobile payments technology, the move to tokenization means this service is not SIM card or carrier dependant, so it can be used on more phones and by more TD customers. All that is required is a personal TD credit card loaded on an Android phone running on Kit Kat (version 4.4) or higher. An Android widget is also available, for the first time, to allow for quick and convenient one-button access to launch mobile payments within the TD app. "We congratulate TD on this significant milestone," said Derek Colfer, Head of Technology and Digital Innovation, Visa Canada. "Visa Token Service provides a secure environment for mobile commerce, allowing consumers to shop seamlessly and with confidence using their devices."

TD Bank Group and Visa are members of ACT Canada; TD is a sponsor at Cardware; please visit www.td.com and www.visa.ca.

18. ACCEO TENDER RETAIL PAYMENT SOLUTION RECEIVES US EMV CERTIFICATION WITH MONERIS ON INGENICO IPP320 PIN PAD DEVICE

Source: ACCEO Tender Retail (03/10)

ACCEO Tender Retail has had its Merchant Connect Multi (MCM) payment solution certified by Moneris Solutions Corporation (Moneris) on the Ingenico iPP320 PIN Pad. Merchants now have the flexibility to choose the devices that best suit their needs, while meeting the latest payment security requirements. The solution supports contact and contactless EMV payment, provides a fast and secure payment option to merchants, and protects cardholder data with Point-to-Point Encryption (P2PE). Using contactless technology (NFC), the device will also support digital wallets such as Apple Pay and Samsung Pay. The device will soon be deployed across the United States.



ACCEO, Ingenico and Moneris are members of ACT Canada. Ingenico and Moneris are sponsors at Cardware. Please visit www.acceo.com/www.tender-retail.com; www.ingenico.com and www.moneris.com.

19. VISA CERTIFIES CPI CHIP CARDS TO EXTEND MARKET LIFE

Source: PYMNTS.com (03/30)

CPI Card Group announced that Visa has certified its card products to extend the market life of its Visa chip cards to 12 years, which aligns with Visa's new EMV chip card approval policy. "Payment card issuers and their technology partners invest heavily in their EMV enablement platforms," said Steve Montross, president and CEO of CPI Card Group. "Each time a chip expires, another investment is required. CPI is pleased to be a first mover in earning certification for longer-life chip cards." What the Visa product line consists of is having cards that match a variety of authentication needs, including online-only cards, dynamic data authentication (DDA) and dual-interface DDA/CDA chip cards. According to the company, these cards enable CPI to adopt the latest technologies by sourcing EMV chips from a large number of suppliers without having to be "bound by proprietary chip operating systems and payment applets."

CPI provides contact and dual-interface EMV solutions for debit, credit and prepaid running on Java Card, MULTOS or Native operating systems.

CPI Card Group and Visa are members of ACT Canada and CPI Card Group is a sponsor at Cardware; please visit www.cpicardgroup.com and www.visa.ca.

20. BITCOIN REACHES TRANSACTION LIMIT, EXPERIENCES GLOBAL DELAYS

Source: CardNotPresent.com (03/07)

Over the past 18 months, separate factions in the Bitcoin community have been waging a quiet war against one another about how to deal with the growth in transactions. While overall online transactions using Bitcoin are still miniscule relative to cards, PayPal, direct debit and other payment methods, Bitcoin IS growing. Last week, however, a structural limit of the Bitcoin network was reached and transactions around the world began to experience long delays. Tech publication "The Verge" described the problem: "Bitcoin transactions are confirmed every time miners create a new block on the networks chain. Each block takes about ten minutes to mine, and can hold 1MB of information. At current volumes, there are more than 1MB worth of transactions asking to be confirmed in that time. To solve this bottleneck, many in the Bitcoin community have called for increasing the block size to 2MB."

Long waits to confirm transactions have led to confused users and some stores have suspended Bitcoin acceptance. Rival sets of developers are coalescing behind competing versions of Bitcoin codebase—Core (the original code) and Classic (a newer version). Anyone can cast a vote for their preferred code by running a Bitcoin node powered by that software. The community is hoping the current problems will speed a resolution, but the dispute has been characterized by both sides refusing to compromise and claiming the other side is attacking them. Bitcoin as an online payment method has been receiving less attention of late as people look more to the underlying "blockchain" technology to solve other applications.

21. NBS TECHNOLOGIES AND SMART CARD IT SOLUTIONS LEAD IN GLOBAL INTEGRATION

Source: NBS Technologies (03/06)

NBS Technologies has supplied the Horizon Evolution HD with Integrated Mailing system and EMV Software to Smart Card IT Solutions of Pune, India. Smart Card IT Solutions Limited (SCIT), founded in 2010, manufactures and markets smart cards to Indian and international customers; and like NBS, deal with businesses in government (e-governance), immigration, telecommunications, transportation, banking, health, insurance, security, entertainment, commercial, and other industries. The SCIT state of the art facility which has the manufacturing capacity to produce up to 250 million cards per year, has now invested in NBS technology in order to support their new banking card personalization bureau opportunity. "This is going to be a big foot print for the NBS range of banking card personalization machines in the Indian market." commented Krishna Prakash, NBS Country Head of Sales for India.

SCIT chose NBS since they're aligned in their vision and requirements for predictable quality and throughput which NBS offers with its highly advanced Horizon Evolution HD. NBS is the source for total card solutions as it provides magstripe, chip encoding, printing, embossing, to inline card insertion and mailer. Highly secured EMV solution software Persomaster from NBS makes it a one stop solution and a more streamlined operation process. Furthermore, with Aura Print Solutions as partner and service providers for NBS in India, with their factory trained engineers for local support, was the key to differentiate SCIT in the market. The recent Indian Government initiative of "Jan Dhan Yojana" is an ambitious mission focusing on financial inclusion and integration of all households in India.

NBS Technologies is a member of ACT Canada; please visit www.nbstech.com.



22. UL'S EMV PERSONALIZATION VALIDATION TOOL RECEIVES AMERICAN EXPRESS QUALIFICATION

Source: UL (03/23)

UL is pleased to announce that its EMV Personalization Validation Tool has received a qualification by American Express to test personalization validation of American Express chip cards. The UL EMV Personalization Validation Tool is used for testing EMV payment products according to mandatory card personalization regulations from the major payment associations. Using this tool helps to ensure to smoothen the certification of your cards. The American Express validation module for the UL EMV Personalization Validation Tool, implementing tests for AEIPS and ExpressPay cards, has received qualification from American Express for testing personalization validation of American Express chip cards prior to sending cards to American Express for certification.

“We’re very happy to have received the confirmation from American Express. UL strives to cover all major payment brands to create the most complete and comprehensive set of test tools available. We are confident that our customers will benefit from this qualification globally as it will help them reduce the time to market and increase their confidence during the American Express implementation,” comments Maxim Dyachenko, Director Products at UL’s Transaction Security division. The UL EMV Personalization Validation Tool is a 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. With just one click of a button, you can 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 validation functionality checks the correctness of a card application personalization and provides full, readable reports including explanations of errors and observations found. 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. Through the service portal, the tool is always up to date with the latest requirements and specifications from the payment schemes.

American Express and UL are members of ACT Canada. UL is an exhibitor at Cardware. Please visit www.americanexpress.ca and www.ul-ts.com

23. ESIM TECHNOLOGY BY GIESECKE & DEVRIENT SUPPORTS VODAFONE'S IMPLEMENTATION OF ESIM SPECIFICATION

Source: Giesecke & Devrient (03/02)

AirOn, G&D’s eSIM management solution secures the lifecycle management of eSIMs. It has been developed in accordance with the Remote Provisioning specification, which was the first output from the GSMA’s industry-



backed Consumer Remote SIM Provisioning initiative to secure a common and interoperable specification for using eSIMs in companion consumer mobile devices. Vodafone will soon launch the Samsung Gear S2 classic 3G smartwatch in Germany. It is one of the first devices in any market to contain an embedded eSIM based on the new industry-agreed specification.

Carsten Ahrens, Head of the Telecommunication Industries division at G&D: “We have been driving the eSIM development from the beginning and are proud to be the partner of Vodafone. Smart devices will increasingly be shipped with an eSIM. The eSIM will be a key component for the Internet of Things. Thanks to the eSIM, smart devices such as smartwatches, fitness trackers, and data glasses, which don’t offer space for a conventional SIM card, can be connected to the mobile network even more easily. We are pleased to be part of Vodafone’s initiative to offer mobile customers even more convenience when dealing with multiple devices.” As with removable SIM cards, eSIM security is based on what is referred to as a SIM chip: a built-in security module. The eSIM profile is encrypted during installation. Asymmetrical algorithms ensure end-to-end encryption of the entire transmission between Vodafone servers and the module. Each device can therefore only decrypt and install the eSIM profile assigned to it. As a result, the eSIM satisfies the highest security requirements, in the same way as the removable SIM cards. As Ahrens explains: “The eSIM works as a high-security microcomputer where sensitive data is kept highly encrypted in the eSIM memory and, in turn, can only be accessed with the corresponding key. The data is therefore effectively protected from manipulation and copying attempts.”

Giesecke & Devrient is a member of ACT Canada as well as a sponsor & exhibitor at Cardware; please visit www.gj-de.com.

24. APPLE PAY COMING TO MOBILE WEBSITES IN TIME FOR HOLIDAYS

Source: CardNotPresent.com (03/28)

Apple will bring Apple Pay to mobile Websites in time for the 2016 holiday shopping season, according to published reports. By several measures, mobile transactions account for around a third of total online transactions in the U.S. and around the world. A report in tech publication Re/code quoted unnamed sources who said Apple is "telling potential partners" to get ready for Apple Pay on mobile sites and suggest an announcement will be made at Apple's annual developers' conference this summer. While Apple Pay has been available on some apps since its inception, consumers have not been able to use it on mobile Websites, which ignores around half of all mobile transactions. In Q4, 2015, mobile apps accounted for 54 percent of all mobile transactions, according to research conducted by digital advertising firm Criteo. By visits, mobile sites still rule. During the 2015 holiday season, U.S. retailer mobile Websites racked up 9.8 billion visits, while apps accounted for around 8 billion, according to comScore.

According to the report, Apple Pay will be available on Websites accessed with the Safari browser on iPhones and iPads with fingerprint sensors. The company has considered applying the payment capability to Apple laptops and desktops, Re/code said, but no decision has been made by Apple.

25. FLEXITI FINANCIAL (FORMERLY WELLSPRING FINANCIAL) AND LIQUID CAPITAL ANNOUNCE CREDIT FACILITY TO SUPPORT GROWTH OF ITS CONSUMER FINANCE BUSINESS IN CANADA

Source: Canada Newswire (03/15)

Flexiti Financial (Flexiti) is pleased to announce that it has entered into an agreement with Liquid Capital Corporation (Liquid Capital). Under the agreement, Liquid Capital will provide the senior debt for a new credit facility, initially in an amount of up to \$25 million, for consumer receivables generated by Flexiti Financial. The facility will be used to finance the warehousing of receivables originated by Flexiti pending their securitization.

Launched in 2014, Flexiti Financial provides retailers, home improvement contractors and healthcare practitioners the ability to offer their customers the option to pay for big-ticket purchases of goods or services either in equal payments or at a later date, making those purchases more affordable to the consumer. Flexiti has built an award-winning technology platform, providing customers with a virtual credit card in minutes, and making the application and approval process quick and easy. Having completed an equity financing of over \$5 million in 2014 and a further \$4MM in subordinate debt financings in 2015, Flexiti has just secured an additional \$2MM in operating capital and will shortly be undertaking an equity raise to support its growing consumer finance business. This new capital, along with its receivables warehousing facility, will position Flexiti to fund its continuing growth across all market segments, as well as a planned expansion into other products and services. "We are pleased to have formed a funding partnership with Flexiti Financial," said Sol Roter, President and co-founder of Liquid Capital. "Flexiti's award-winning technology platform and merchant partnerships have tremendous potential for the origination of quality financial assets. This transaction represents an important addition to the Liquid Capital portfolio and provides an outstanding opportunity to showcase Liquid Capital's increasing commitment to the asset based lending space."

Liquid Capital entered into a joint venture with Next Edge Capital Corp. ("Next Edge") in 2015 to co-fund investments in accounts receivable, trade finance, and Asset Based Lending transactions sourced by and through Liquid Capital's Principal distribution channel and financed by the Next Edge Private Debt Fund (the "Next Edge Fund"). The Next Edge Fund has now grown to approximately \$40MM and will continue to grow as Liquid Capital continues to source quality transactions through its network of originators in Canada and the United States.



"Flexiti Financial is very pleased to announce the establishment of this new credit facility," said Peter Kalen, Founder and CEO of Flexiti Financial. "We have been looking for a funding partner with access to capital on flexible terms to support our business growth and allow us to build our on-balance sheet asset pool for ultimate securitization purposes. Liquid Capital, through its partnership with Next Edge, provides the strength and the vision we are looking for to move the business to the next level. With this new funding partnership in place, we are confident that our 100% paperless and instant credit card solution can continue to expand quickly in Canada, allowing our nearly 1,000 merchant partners the ability to grow their sales by making large purchases more affordable for their customers."

Flexiti Financial is a member of ACT Canada; please visit www.flexitifinancial.com.

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 or contact our office at 1 (905) 426-6360.

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ACT Canada is the place to be to:

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Understand complex issues

Facilitate problem resolution

Because stakeholder dialogue helps you make profitable decisions.