



Welcome to the **October** 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**

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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.



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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

### Money2020 Europe

Jun 26-28, 2017

Copenhagen, Denmark

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

ACT Canada members receive discounts

### Money2020

Oct 22-25, 2017

Las Vegas, NV, USA

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

### IVIE Awards Gala

Nov 8, 2017

Toronto, ON, Canada

Help us celebrate the best in innovation in payments and digital identity!

Nominations now open at [www.actcda.com/ivies.html](http://www.actcda.com/ivies.html)

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## Articles

### 1. EDITORIAL: AN INDUSTRY IN TRANSFORMATION

Source: *Andrea McMullen, President, ACT Canada (09/27)*

At our recent Board meeting, we had a lively discussion about the state of the market. Never has there been so much change happening on so many fronts, nor has it been so challenging to keep on top of it all. Examples include: navigating through data breaches; AI and the transformation of digital banking; payments modernization opportunities; the security risks of PIN on glass; cyber security and IoT; the regulatory considerations of ICOs; open banking and the implications of new partnerships; balancing customer authentication and the customer experience; cryptocurrencies and KYC. Decisions are being made without the input of all impacted stakeholders.

How do you keep afloat with so much change? How do you track what's important versus market noise? What role can you play in navigating these issues? Where do you go for the information and insights you can't google? Watch over the coming weeks as we make some exciting announcements!

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### 2. CANADA AT #1 IN RANKING OF WORLD'S MOST CASHLESS SOCIETIES

Source: *Huffington Post (10/11)*

When the world finally goes cash-free, there's a good chance Canadians will get there first. The country is moving towards a cashless society faster than anyone else, studies suggest. One study, from trading site Forex Bonuses, named Canada the most advanced country in the world when it comes to cashless payments, narrowly edging out Sweden and the U.K. The study looked at six elements of a cashless world: credit cards per person; debit cards per person; the share of cards that are contactless; the rate of growth of cashless payments; the share of payments made using non-cash methods; and the public's awareness of their non-cash options.

Canada came out on top because of its reliance on plastic; there are more than two credit cards per person in Canada, Forex Bonuses noted. However, it was Sweden that led the way when it came to actual digital payments. There, 59 per cent of payments are non-cash, compared to 57 per cent in Canada, Forex Bonuses said. The second study, carried out for Visa by think tank Roubini ThoughtLab, looked at 100 cities worldwide and identified Toronto and Ottawa as "digital leaders" in the payments field.

"The use of digital technologies — from smartphones and wearables to artificial intelligence and driverless cars — is rapidly transforming how city dwellers shop, travel, and live," Lou Celi, head of Roubini ThoughtLab, said in a statement.



"Without a firm foundation in electronic payments, cities will not be able to fully capture their digital future, according to our analysis."

#### Going cashless would give economy a boost

Businesses and consumers would save time, and cash-based crime would be reduced, the study predicted. Across the 100 cities studied, consumers and businesses would save 3.2 billion hours of time between today and 2032, thanks to faster digital payments. The economic "net benefits" from moving to more digital payments would amount to US\$470 billion in that time for those 100 cities. On average, cities' economies would be about 3 per cent larger by then than they would have been, had the switch to digital payments not happened, the study found. That would be enough to create 12,000 new jobs in Toronto and about 3,100 new jobs in Ottawa between today and 2032, the Roubini ThoughtLab study estimated.

"This study demonstrates the substantial upside for consumers, businesses and governments as cities move toward greater adoption of digital payments," Ellen Richey, Visa's vice chairperson and chief risk officer, said in a statement. "Societies that substitute digital payments for cash see benefits from greater economic growth, less crime, more jobs, higher wages, and increased worker productivity."

#### Privacy and safety concerns

Of course not everyone is happy about a move away from cash. In a survey earlier this year from Payments Canada, only about half of Canadians said they were ready to move to a cashless world. Many have expressed concerns about privacy and the safety of personal information online. The recent hack at ratings agency Equifax, which exposed the personal data of at least 145 million Americans and some 8,000 Canadians, highlights the problems with personal finances in the digital age. Still, the Payments Canada survey showed many Canadians — about 48 per cent — are willing to sacrifice some degree of privacy in exchange for the convenience of cashless payments.

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

### **3. RBC USING BLOCKCHAIN FOR PAYMENTS BETWEEN U.S., CANADIAN BANKS**

*Source: The Globe and Mail (09/27)*

Royal Bank of Canada is experimenting with blockchain to help move payments between its U.S. and Canadian banks, one of the bank's senior executives told Reuters on Thursday. Martin Wildberger, RBC's executive vice president for innovation and technology, said use of distributed ledger technology,



or DLT, would improve the speed of payments, reduce complexity and lower costs. The bank developed the system over the past six months at an RBC blockchain technology center in Toronto, deploying software developed by a cross-industry open-source blockchain consortium known as Hyperledger.

The technology was integrated into RBC's existing systems several weeks ago as a "shadow" to RBC's primary ledger, letting the bank monitor payments in real-time as they travel between the United States and Canada, he said. "We wanted to set it up as a shadow ledger so that we can demonstrate our leadership in exploiting that technology while at the same time recognizing that the technology is still early in its adoption phase," Wildberger said. Blockchain emerged in 2009 as the system underpinning the cryptocurrency bitcoin, allowing people to quickly and anonymously exchange electronic currency. It is a shared ledger of transactions maintained by a network of computers rather than a central authority.

Investors have since put billions of dollars into developing blockchain, betting the technology could make banking operations faster, more efficient and more transparent. Although concerns remain about the legitimacy of bitcoin, which JP Morgan Chief Executive Jamie Dimon described as a fraud earlier this month, the credibility of the blockchain technology itself has increased. A growing number of senior bankers have said they believe it will eventually revolutionize the way payments are made across the industry, reducing complexity and costs of back-office processes. "Everybody recognizes blockchain will be transformative and critical," said Wildberger. "At the same point in time, I think everybody recognizes these are early days."

RBC is looking to use blockchain to improve its rewards and loyalty offers and trade finance capabilities, he said. Canada's central bank said in May that it had decided against using blockchain to provide the underlying infrastructure for the country's interbank payment system after a year-long investigation, saying "too many hurdles" had to be overcome to make the approach viable.

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

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#### **4. PAYMENTS CANADA, BANK OF CANADA AND R3 RELEASE DETAILED FINDINGS OF BLOCKCHAIN EXPERIMENT**

*Source: Payments Canada (09/29)*

Payments Canada, the Bank of Canada and enterprise software consortium R3 released detailed findings from the experiment with distributed ledger (blockchain) technology that has garnered international attention over the last two years. The whitepaper, A Canadian Experiment with Distributed Ledger Technology for Domestic Interbank Payments Settlement, provides a comprehensive view of the experiment, dubbed Project Jasper, including platform design, testing and performance.

“Project Jasper got the world’s attention because it was the first time a central bank and payment system operator had participated in a blockchain experiment with the private sector,” said Andrew McCormack, Senior Director, Technology at Payments Canada. “In fact, that involvement and the participation of financial institutions through R3 was one of the most valuable outcomes from the project. It was a clear illustration of how collaboration can move an entire industry forward.”

The results of that collaborative effort are outlined in the whitepaper, which discusses the background and rationale for the project, governance and organization, details on the proof-of-concept distributed ledger design and key lessons learned, including:

- Clearer understanding of the capabilities of distributed ledger technology platforms: The participants experimented with Ethereum and R3’s Corda for a deeper understanding of the strengths and weaknesses of each platform.
- Feasibility of applying Liquidity Savings Mechanisms on a distributed ledger platform: This achievement represented a major innovation in thinking about how to enable an inherently centralized process on a decentralized distributed ledger technology platform.
- The value of collaboration among Canadian industry members: The financial services environment in Canada is highly concentrated, which presents great opportunities for public-private collaboration on projects that benefit all participants and Canadians generally. This includes Payments Canada’s ongoing work to modernize the Canadian payments system overall.
- Many opportunities for further exploration: While the project demonstrated the ability to settle wholesale payments on a distributed ledger, the technology is not yet ready to underpin a domestic payments system. This work presents many opportunities for further research and exploration, including the possible integration between Project Jasper and other types of distributed ledger-based financial market infrastructures.

Project Jasper was launched in March 2016 to understand how distributed ledger technology (DLT) could transform the future of payments in Canada. Since then, two phases of exploration into the use of the technology, more commonly known as blockchain, for wholesale interbank - or high-value / wholesale - payments settlement have been successfully completed. The whitepaper, A Canadian Experiment with Distributed Ledger Technology for Domestic Interbank Payments Settlement is available on [payments.ca](http://payments.ca).

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



## 5. LA CAISSE AND DESJARDINS GROUP ANNOUNCE THE CREATION OF A FINTECH FUND

Source: CNW Telbec (10/10)

La Caisse de dépôt et placement du Québec (la Caisse) and Desjardins Group announce the creation of an investment fund dedicated solely to the financial technology (FinTech) sector and to artificial intelligence applied to finance. Established in Montreal, this venture capital fund's purpose is to support the growth and development of new FinTech companies in Quebec and Canada. This fund, created under la Caisse's initiative and built in partnership with Desjardins, will operate independently and is expected to have a maximum size of \$75 million. Its two sponsors will invest equal amounts totalling \$50 million. Other institutional investors have already expressed interest in joining before the first closing, which is expected by the end of the year.

Beyond the financing aspect, la Caisse and Desjardins recognize the importance of data to accelerate product development and marketing of new technology solutions. The two sponsors have shown a willingness to provide the FinTech companies that the fund invests in with data that will need to be handled as privileged and highly confidential. "With its high concentration of talent in information technology and the robustness of its financial industry, all the pieces are in place for Quebec to see the emergence of a first-rate FinTech industry. We strongly believe that this new fund will foster the development of new technology solutions that will significantly improve business processes and operational efficiency," said Pierre Miron, Chief Operations and IT Officer at la Caisse.

"This new fund is very timely. Not even two weeks ago, the Brookfield Institute ranked Montreal in first place in Canada for its concentration of jobs in the high-tech sector. This support for FinTech will enable our financial sector companies to be world-class pioneers, particularly with regard to customer experience and competitiveness with the giants that are moving into our industry," explained Guy Cormier, President and Chief Executive Officer of Desjardins Group. This fund, which has yet to be named by its sponsors, will make share capital investments. It will target companies that develop technology affecting investments, payments, client acquisition and retention, data analysis, deposits and loans, security or insurance. Companies will need to demonstrate that they possess:

- Experienced entrepreneurs;
- An adaptable business model;
- A competitive product that is already generating interest and targets large markets.

An experienced manager with the skills to seize the best business opportunities in the Canadian FinTech and finance-related artificial intelligence market will be appointed by the two sponsors soon. A technology advisory committee made up of information technology and finance sector leaders will be created to support the fund's activities and companies in its portfolio. The creation of this fund was





announced during the Canada FinTech Forum, organized by Finance Montreal to identify and facilitate the development of business opportunities in the financial services and information technology industries.

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

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## **6. A CANADIAN STARTUP MATES CONTACTLESS WITH CRYPTOCURRENCY IN A FLEDGLING WALLET**

*Source: Digital Transactions, John Stewart (10/09)*

With Bitcoin trading at \$4,300 and Ethereum at \$300, most of the attention in the payments world has been on the cryptocurrencies' value as an investment rather than as a payment method. Now, a year-old Toronto-based startup hopes to change that by enabling contactless point-of-sale transactions using Ether, the Ethereum blockchain's native currency, and later Bitcoin. The 14-person company, known as Stack, says it has a waiting list of some 20,000 persons interested in using its mobile wallet, which stores a digital prepaid MasterCard as well as a token representing the owner's Ether holdings. The company is running a private beta with an undisclosed number of users and plans to launch commercially in Canada by year's end, with the U.S. market to follow in 2018.

The idea is to make it as easy to spend Ether as it is to use a credit or debit card, Stack cofounder and chief executive Miro Pavletic tells Digital Transactions News. "There's a lack of acceptance of cryptocurrency at retail locations. We wanted to have that seamless access to currency no matter where it is," he says. "You should be able to access it any time, spend it any time." Stack's twist is that its wallet interacts with contactless terminals, making it a sort of Apple Pay for digital currency. Some 80% of POS terminals in Canada now have contactless capability, Pavletic estimates. To make the transaction work, Stack relies on something called the STK Token, which represents the user's Ether. The token opens a channel that records the transaction for real-time authorization and settlement, writing it to the blockchain later. In this way, the wallet avoids growing congestion, which has plagued Bitcoin and is starting to affect other digital currencies. "It's becoming a problem on the Ethereum chain, too," says Pavletic. Merchants are paid in their local currency.

If Stack can get its wallet into enough hands, it has a fighting chance to solve a major problem for digital currency, experts say. "They've developed a process to convert cryptocurrency to fiat currency in real-time at the point of sale through a mobile wallet. Theoretically this would dramatically reduce the friction involved in buying stuff with cryptocurrency and could potentially open the doors to more transaction volume using cryptocurrency," notes Thad Peterson, a senior analyst at Boston-based consultancy Aite Group LLC, in an email message.



But Stack's ambitions don't stop with making digital currency a mainstream payment method. A former banker at CIBC and Toronto Dominion, Pavletic says the company's app is really a "digital account," replacing many of the consumer's typical banking relationships. Backed by a bank Pavletic won't name, the Stack account offers such services as ATM access via a plastic prepaid MasterCard, merchant rewards, automated transfers to savings, and foreign exchange. The account itself carries no fees, Pavletic says. Instead, Stack earns its revenue by taking a portion of interchange and currency-conversion fees. "We wanted to create alternative revenue streams so we could eliminate fees on the account," says Pavletic, who points to consumer frustration with bank fees. "There's always an opportunity to come in and shake things up where there's no competition."

Still, as promising as the contactless POS approach may be for Ether and ultimately Bitcoin, experts like Peterson caution against expecting fast results. "It is very early days and a lot needs to happen before this scales to anything approaching traditional tender-type volumes," he says.

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

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## **7. MASTERCARD SCRUBS ITS SIGNATURE REQUIREMENT FOR POS TRANSACTIONS**

*Source: Digital Transactions, Kevin Woodward (10/19)*

MasterCard Inc. is doing away with a rule requiring merchants to get signatures for transactions made with its credit and debit cards in the United States and Canada. Announced early Thursday, MasterCard's rule change goes into effect April 13, 2018, allowing issuers, merchants, and processors time to make adjustments, though merchants can adopt the change sooner, MasterCard says. MasterCard also issued a bulletin about the matter Wednesday afternoon. The new rule does not affect interchange, and applies only to point-of-sale transactions. Kirkpatrick: "We're putting the power of the point of sale into the hands of the merchant to decide if they want to prompt or not." A majority of consumers believe that it would be easier to pay and that checkout lines would move faster if they didn't have to sign for purchases, MasterCard says.

Six decades ago, when credit cards debuted, checking the signature on the card against another piece of cardholder identification was necessary. Today, more than 80% of MasterCard in-store transactions in the United States and Canada do not need a cardholder signature, Linda Kirkpatrick, MasterCard executive vice president of U.S. market development, tells Digital Transactions News. "We're putting the power of the point of sale into the hands of the merchant to decide if they want to prompt or not," Kirkpatrick says. "Now is the right time because from the digital-transformation perspective and payments perspective we're at an inflection point."



Two years have passed since the U.S. EMV liability shift went into effect, and new payments products that are safe and secure are available, Kirkpatrick says. “We want to recognize that consumers and merchants have evolved,” she says. “We want to make it easier for consumers and merchants to get in and out and on with their days.” The change does not alter MasterCard’s stance on securing its transactions, she says. “Mastercard has a long history of innovation and investments in all layers of security,” Kirkpatrick notes in a blog post. “Recently we introduced an Early Detection System to help financial institutions proactively and quickly pre-empt serious attacks. This new service provides issuers with a unique advanced alert for cards and accounts at a heightened risk of fraudulent use based on their exposure in security incidents or data breaches.”

Kirkpatrick says the rule change has been vetted with issuers, processors, and merchants. “Reaction has been neutral to positive,” she says. “From the issuer perspective, all are aligned around improving the experience at the point of sale.” The idea, she says, is that an easier checkout experience leads to increased card use. “This is an area where all of our interests are aligned, merchants, issuers, and our network,” she says. The world’s largest retailer, Wal-Mart Stores Inc., praised the decision. “Removing this step at the checkout will save time for our customers and decrease the expense associated with storing and presenting signatures back to the issuer, all while preserving security for customers,” a Walmart spokesperson said in a statement. “We anticipate this will result in savings that can be used to continue to lower prices for our customers.”

Mark Horwedel, chief executive of the Merchant Advisory Group, also lauded the change. “The signature-optional requirement is a big opportunity for our merchant members to enjoy the effects of quicker checkout lines and returning customers who appreciate a frictionless payment experience,” Horwedel says in a statement. The Minneapolis-based trade group says it has been working over the course of several years with its network partners to eliminate the signature requirement. “This step will improve the customer experience and eliminate inefficient, ineffective, and costly processes for the retail merchant community,” says Laura Townsend, MAG senior vice president of operations, in a statement. “As commerce experiences continue to expand, new and improved digital authentication methods are available which bring better security innovations to the payments ecosystem.”

Others echoed the move. “This is an important symbolic step putting signature into its rightful place in the trash heap of payments history,” says Steve Mott, principal at BetterBuyDesign, a Stamford, Conn.-based payments consultancy, in an email message. “Next step is for them to come out from Visa’s shadow and support PIN as the only current multi-factor authenticated payment available today, under open standards.”

*MasterCard, the Merchant Advisory Group and Walmart are members of ACT Canada; please visit [www.mastercard.ca](http://www.mastercard.ca), [www.merchantadvisorygroup.org](http://www.merchantadvisorygroup.org) and [www.walmart.ca](http://www.walmart.ca).*

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## **8. THE MEANING OF PSD2**

*Source: Digital Transactions, Eric Grover (10/19)*

Europe's new payments regulation promises much, including free transactions. But do banks need to be forced to do what's in the best interests of customers and shareholders? The European Union's revised payment-services directive (PSD2) changes rules governing payments and is intended to, and inevitably will, impact the roles and economics of players across the payments-value chain. Some fear, and some hope, PSD2 will roil the EU's payments market. The European Parliament on Oct. 8, 2015, rubber-stamped the European Commission's (EC's) revised payments directive, passing it by a whopping 578 votes in favor to 29 nays, with 52 abstentions. On Nov. 25, the European Council approved it. PSD2, which supersedes the original 2007 payments directive, will start to take effect in January.

Banks historically dominated EU payments. But, in the network space, European banks have been ceding share since MasterCard Inc.'s watershed initial public offering in 2006. The original payments directive facilitated nonbanks competing in a range of other payments sectors. It provided a payments-institution licensing regime for money remitters, nonbank card issuers, acquirers, and mobile-network operators offering payments to compete across the EU. In a recent article, Bird & Bird LLP partner Scott McInnes observed PSD1 "introduced a first wave of competition into the EU payments sector." It also provided the legal framework for EC and European Central Bank regulation and initiatives aimed at harmonizing credit and debit automated clearing house and card payments across the EU.

Concluding PSD1 didn't finish the job, the EC put banks and networks in its cross hairs and took another shot with PSD2. Its purpose is to increase payments competition, innovation, and security. The EC envisions a constellation of new and nontraditional competitors for dominant retail-payment card networks such as Visa, MasterCard and Cartes Bancaires, and new services built off marketwide access to bank payments accounts and data. The new directive is informed by EC regulators' thinly veiled hostility to traditional card networks, desire to squeeze retail banks' profits, prescribe how risk is managed, and set acceptable risk levels.

### Account Access

Three core provisions impact payments providers. First, starting in January, at their customers' request, payment-account providers—typically banks—must permit a new type of licensed third-party provider, a Payment Initiation Service Provider (PISP), to initiate payments against their accounts, in principle for free.

Second, on request, payment-account providers must share payment-account data, including transaction data, with newly licensed Account Information Service Providers (AISPs). Last, PSD2 prescribes strong customer authentication (SCA), defined as two-factor authentication, for payments. That will be required in 2019. Retail Goliaths, tech colossi, digital-wallet providers, fintechs, and an EU species of infomediary may attempt to take advantage of PSD2.

Galerie Lafayette, Auchan, Harrods, Tesco, Sainsbury's, and Carrefour have sophisticated retail credit card, loyalty, reward, and promotional programs. They have trusted brands and the wherewithal to offer incentives to persuade consumers to authorize payments against their accounts and retrieval of (transaction) data, with which they can more intelligently market to them. In fact, there may be no merchant on the planet better positioned to exploit PSD2 than Amazon.com Inc. Tech titans such as Apple, Facebook, and Google use, and have further ambitions in, payments to enrich and increase consumer engagement on their platforms. That inevitably will diminish bank visibility, and in extremis will relegate banks to being backend utilities. PSD2 can only facilitate their efforts.

Chinese fintech dragons Alipay and WeChat Pay are primarily focused on building merchant acceptance in the EU. If and when they seek European consumers, PSD2 may grease the skids for funding and building an ecosystem of financial and nonfinancial services. Two-stage wallets like PayPal, open wallets Android Pay, Apple Pay, and Samsung Pay, and the gamut of in-app wallets could tap PSD2 payments and use consumers' payment history to enhance service delivered over their platforms. It'll be easier to add and manage multiple PSD2-enabled apps and wallets on smart phones than it is with their analogs in leather wallets.

As for the ballyhooed wave of fintechs, time will tell. London startup TrueLayer co-founder Franceso Simoneschi trumpets the bullish case, telling TechCrunch: "We believe that PSD2 will be a once-in-a-lifetime opportunity for startups to displace incumbent banks and financial-services providers." TrueLayer aims to arm challengers with a universal application programming interface to access bank infrastructure.

### Siren Song

The siren song of pan-European and global payments standards has long been appealing, but for the foreseeable future, payment processors and hubs will have to deal with a messy and changing patchwork of connections. And there's a network effect. The more connections a processor has, the more compelling its offer. But, while handicapped by plodding and risk-averse cultures incubated under heavy regulation, banks enjoy consumers' trust and relationships, and generally deliver an adequate to rich suite of services. Would-be bank slayers will need to provide compelling value to consumers to induce them in any numbers to authorize payment initiation and data sharing, and to directly or indirectly monetize it.

Consumers' bank payments data are a treasure trove. While big data are all the rage, classic payments data—a complete transcript of how much customers spent, when, and on what, are to die for. During the dotcom era, infomediaries such as Lumeria tried to enable consumers to monetize the enormous value of their archipelago of electronic data, distributed across financial institutions, phone companies, retailers, utilities, et al. It was a powerful and very pro-consumer concept, which, unfortunately, never achieved takeoff velocity. Perhaps PSD2 will usher in a wave of euro-infomediaries. American payment processors have a stake in PSD2. Total System Services (TSYS), which thus far in Europe processes but doesn't acquire, Elavon, Chase Paymentech, Stripe, Square, Intuit, First Data, Global Payments, and EVO Payments, are a critical part of Europe's payments ecosystem.

They're attempting to deliver additional services to merchants to reduce attrition and stem or even reverse fee erosion. They can add PSD2 payments to services offered for which they'd charge fees. Data is more interesting and a basis for enhancing their merchants' target marketing and promotional campaigns.

### Challenges

As with any new system, there will be challenges. To be commercially viable, PSD2 processors and data harvesters will need to access perhaps hundreds of bank APIs (assuming that "screen scraping" is no longer allowed—a matter still under discussion at this writing). And, they or their clients must convince consumers to participate. Consumers and merchants are conservative in their payment habits. New systems must be compellingly better than those they seek to displace. Existing retail-payment systems work well and are a habit. Moreover, their acceptance networks are a powerful bulwark against the EC's pined-for stampede of disruptors.

The EC's static SCA rules may reduce fraud but will also increase abandonment rates and reduce the growth of e-commerce. Uber and like in-app payments are frictionless. It's hard to see how two-factor authentication won't degrade the experience. PSD2 charged the European Banking Authority (EBA) with specifying SCA's technical standards. While the EBA is notionally independent, the EC controls its purse strings, subject to final approvals by the European Parliament and the European Council.

SCA requires that payers provide two of three different elements: something only the user knows, something only the user possesses, and something only the user is. No one in the payments industry would argue against robust fraud management. However, Bird & Bird's McInnes says strong customer authentication was mandated in the context where there's "supposedly too much fraud for online payments (in particular card-based online payments)." But who should decide what's too much and how to manage it, the EU administrative state or participants in the market, participants with skin in the game?

Market-risk management is inherently dynamic, adjusting the available technology to changing threats and consumer, merchant, and bank tolerances for fraud, balanced against convenience and ease of transacting. Publicly, PSD2 was widely hailed as a boon for competition, innovation, security, and for banks, if only they embrace open banking. It's not wise for private-sector actors to publicly question directives or guidance from on high in Brussels.

### A Blessing?

Open-banking evangelists argue banks sharing data and providing free payments will be a blessing. While access for approved vendors might enhance banks' value proposition and economics, being forced to permit third parties to make PSD2 payments for free and to share their customers' payments data isn't good for banks. Quite the contrary. The state doesn't have to force profit-seeking firms to do what's in their and their shareholders' interests. PSD2 is a taking, devaluing retail-banking relationships. If successful, it will diminish the value of banks' assets, change how the market operates, and cap the price of PSD2 payments and data sharing at zero. The EC's strong customer-authentication diktat will cut payments growth and consequently revenue.

There are already PSD2-flavored payment services in the market, such as Pay by Bank in the United Kingdom, Ideal in the Netherlands, and Sofort in Germany. All the parties, however, are consensual. Mint and Yodlee have PSD-flavored services, generally screen-scraping to retrieve data from multiple financial institutions and giving consumers integrated financial dashboards.

### Are there lessons for the U.S.?

The Consumer Financial Protection Bureau likes PSD2's thrust. At Money2020 last year, CFPB director Richard Cordray made crystal clear he'd like to force banks at consumers' request to share their transaction data with third parties, à la PSD2, saying, according to his prepared remarks: "We believe consumers should be able to access this information and give their permission for third-party companies to access this information as well." While its authority to force banks to do this is dubious, lack of legal authority has not stopped the CFPB in the past.

Just as PSD1 played out slowly, so will PSD2. To the extent PSD2 moves the market, the principal beneficiaries are likely to be payment concentrators, giants such as Google, Amazon, Facebook and Apple, and mammoth processors. At a minimum, American processors need to support it, particularly those serving or cultivating sectors able to exploit PSD2. Ultimately, the market, not Brussels overlords, will determine what payment systems reign and how PSD2 plays out.



*Chase Paymentech, Elavon, Global Payments and MasterCard are members of ACT Canada; please visit [www.chasepaymentech.ca](http://www.chasepaymentech.ca), [www.elavon.ca](http://www.elavon.ca), [www.globalpaymentsinc.com](http://www.globalpaymentsinc.com) and [www.mastercard.ca](http://www.mastercard.ca).*

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## **9. INGENICO GROUP ANNOUNCES AVAILABILITY OF NEW SMART TERMINAL FOR THE CANADIAN MARKET**

*Source: Payments Business (10/11)*

Ingenico Group has announced that TD Merchant Solutions has become the first acquirer in Canada to provide its customers with its next generation Telium TETRA smart terminals. The first device available is the Desk/5000, a large touch-screen, counter-top smart terminal. TD will also be launching additional models from the TETRA suite, including the Move (wireless), the Lane (in-lane retail) and the Link (mobile) devices. This initiative is part of TD's program to offer its large merchant base with the broadest forms of payment acceptance along with a best-in-class user experience. TD is also working on implementing Ingenico Group's Marketplace, which will enable merchants to leverage a wealth of business applications directly on the terminals as early as 2018.

"We are very excited to have our next generation Telium TETRA solutions live in Canada as it represents a big step in the evolution of the payment experience for both businesses and their customers," said Suzan Denoncourt, managing director of Canada for Ingenico Group. "TD Merchant Solutions has been an extremely valuable partner in introducing this offering to Canada. We look forward to seeing their merchants benefit from the latest payment technology along with the additional value-add it will bring once various business applications are enabled."

Ingenico Group's Telium TETRA offering represents a unique ecosystem where payment and business applications can be present on the same device, which provides payment service providers a breakthrough in how they operate their fleet while transitioning to the digital age. To insure the safety of customer data, the new, future-proof operating system embeds powerful and innovative security mechanisms to bridge secure payment with an open web-based environment. For merchants, the Telium TETRA platform provides a user-friendly interface and access to HTML5 applications enabling their terminals to run third-party applications ranging from rewards programs to employee time tracking and customer satisfaction surveys, among others.

*Ingenico and TD Merchant Solutions are members of ACT Canada; please visit [www.ingenico.ca](http://www.ingenico.ca) and [www.td.com](http://www.td.com).*

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## 10. G+D MOBILE SECURITY ENABLES THE GERMAN SAVINGS BANKS FINANCE GROUP TO PROVIDE MOBILE PAYMENT FOR THEIR MEMBER BANKS

Source: Giesecke + Devrient (10/04)

The German Savings Banks Finance Group will launch a mobile payment solution in 2018. The Mobile Payment solution has been developed by S-Payment, a subsidiary of the Deutscher Sparkassen Verlag (DSV) group. Prior to the commercial launch next year, a mobile payment pilot program with ten issuing Savings Banks went live in September. With this pilot, the Savings Banks will test the functionality, operations and user-experience of the end-to-end mobile payment solution. In the nation-wide commercial phase, girocard mobile (girocard is the most used payment card in Germany) and other schemes will be supported. G+D Mobile Security supports the mobile payment project by providing token aggregation as a managed service and the mobile wallet.

The pilot program will enable selected banks' personnel to make mobile payments with MasterCard credit products. The program started on 11th September 2017 and is planned to run for two months. G+D Mobile Security connects the Savings Banks with the MasterCard tokenization services MDES (Mastercard Digital Enablement Service) and enables the related token aggregation service.

"G+D Mobile Security is proud to support the Savings Banks Finance Group in their ground-breaking roll-out of mobile payment", commented Dr. Carsten Wengel, Head of the EMEA Region at G+D Mobile Security. "The pilot program is unique in such way that G+D Mobile Security enables S-Payment to provide this service to the Savings Banks selected for the pilot with minimum efforts per bank." Pilot users will have a wallet app in their smart phone. After registration and authentication, the selected MasterCard credit card will be tokenized using G+D Mobile Security's Convego CloudPay service connected with MDES. Convego CloudPay manages the Over-the-Air provisioning of the virtual card (token) to the consumer wallet and can support any subsequent life-cycle management requirements. Immediately after this short process, users can make mobile payments at any contactless POS terminal supporting MasterCard.

*G+D Mobile Security is part of the Giesecke+Devrient group. Giesecke+Devrient and MasterCard are members of ACT Canada; please visit [www.gi-de.com](http://www.gi-de.com) and [www.mastercard.ca](http://www.mastercard.ca).*

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## **11. IBM UNVEILS A BLOCKCHAIN-BASED CROSS-BORDER PAYMENT SERVICE**

*Source: Digital Transactions, Jim Daly (10/16)*

International Business Machines Corp. announced a new service for financial institutions that uses blockchain technology to reduce settlement times and lower transaction costs. IBM is offering the service with Stellar.org., a Silicon Valley-based non-profit that runs the open-source Stellar blockchain network to bring low-cost financial services to low-income areas, and KlickEx Group, a cross-border payment service for emerging markets that currently operates in eight countries.

Armonk, N.Y.-based IBM said in a news release that the IBM Blockchain platform it and its partners are offering “is intended to improve the speed in which banks both clear and settle payment transactions on a single network in near real time.” The service already is processing transactions in 12 currency corridors across various Pacific Islands and Australia, New Zealand, and the United Kingdom. “Using a blockchain distributed ledger, all appropriate parties have access and insight into the clearing and settlement of financial transactions,” the release says. “It is designed to augment financial flows worldwide, for all payment types and values, and allows financial institutions to choose the settlement network of their choice for the exchange of central bank-issued digital assets.”

For example, the service could make it possible for a farmer in Samoa using a smart phone to enter into a trade contract with a buyer in Indonesia, according to IBM. “The blockchain would be used to record the terms of the contract, manage trade documentation, allow the farmer to put up collateral, obtain letters of credit, and finalize transaction terms with immediate payment, conducting global trade with transparency and relative ease.”

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## **12. LEVIO AND SECUREKEY TECHNOLOGIES ANNOUNCE STRATEGIC AGREEMENT TO DELIVER PRIVACY-ENHANCED DIGITAL OFFERINGS**

*Source: SecureKey Technologies (10/05)*

SecureKey Technologies and Levio are pleased to announce a strategic agreement to support major digital transformation and ID authentication projects with government entities and private sector organizations across Quebec.

"We are very excited to form this strategic agreement with SecureKey Technologies and continue building our strong footprint in Canada," François Dion, president at Levio. "Digital transformation projects in Quebec and other provinces are built on the core foundations of privacy, trust and security. SecureKey's impressive offerings in the space were a key factor in our decision to strategically align our operations. This agreement represents our belief that enhanced privacy



should be incorporated from the very beginning in order to ensure the successful, efficient and secure completion of our clients' projects."

"This agreement represents an exciting step for SecureKey and Levio as it is another validation of the importance of rolling-out consumer centric privacy-enhanced identity authentication programs in Quebec," said Didier Serra, executive vice president, sales and marketing, SecureKey Technologies. "As we enter a new digital age where privacy and security are being tested more than ever, partnerships like these are a testament to the value of collaboration, and are essential to continue delivering the high-quality services Canadians have come to expect."

With this strategic agreement, Levio joins SecureKey's host of innovative partners including Canada's leading financial institutions, telecom operators, governments, credit agencies and many others like-minded organizations. Canada is emerging as a world leader in privacy and public-private partnerships in the identity space. The partnership represents the importance of technology aligning with business endeavors, that are incorporating next-generation privacy and security offerings from the outset in order to deliver cutting-edge, secure and efficient digital solutions.

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

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### **13. FACEBOOK AND PAYPAL COLLABORATE TO ALLOW PEER-TO-PEER PAYMENTS**

*Source: Web Pro News (10/27)*

Facebook is making it easier for users to send and receive money. Online payment giant PayPal announced that Facebook users can now make peer-to-peer payments via Messenger by using their PayPal accounts. The agreement between Facebook and PayPal will also make it easier for the social network's users to fund online purchases or send money even if they cannot provide credit or debit card information. The peer-to-peer payment started going live on October 20, 2017, but is currently only available for users within the United States. At the moment, it is not yet clear if the service will be made available for users located in other parts of the globe in the future.

The new feature can be accessed in the same manner as setting up a credit card or debit card payment method by simply tapping on the plus icon to access the Payments option. Users will then be presented with two methods to choose from—cards or PayPal. Choosing PayPal will link you to Facebook Payments, which doesn't require credit card or debit card information. PayPal's entry as one of the social media platform's payment option is expected to boost Facebook's

status as an eCommerce hub. Online transactions within the social media platform are already on the rise with around 450 million active users per month.

The online payment system is continuing its thrust to be the payment system of choice for online transactions. Recently, PayPal also partnered with the popular messaging app Skype, making it possible for users to send money even in the middle of a chat, a useful feature for those living a mobile lifestyle.

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#### **14. DISCOVER ENABLES REWARDS REDEMPTION VIA APPLE PAY**

*Source: Mobile Payments Today (10/12)*

Discover announced that it will enable its cardholder to redeem Cashback Bonus rewards for a statement credit through Apple Pay, according to a press release. Discover is the first major credit card issuer to offer the ability to redeem rewards after a purchase through Apple Pay.

"Cashback Bonus redemption through Apple Pay can happen in just two touches for Discover card members," said Szabolcs Paldy, vice president of e-business for Discover, in the release. "We are committed to providing simple and valuable solutions to our customers wherever and whenever they need them. Customer experience hinges on embracing mobile-first technologies like Apple Pay, and this new ability will make Cashback Bonus redemption even easier and more convenient for our card members."

Discover Cashback Bonus redemption through Apple Pay requires an iPhone 6 or later. Card members must have:

- A Discover card added to Apple Pay.
- The Discover Mobile app version 8.9.0 or above installed.
- A rewards balance higher than purchase amount.

In order to redeem Cashback Bonus for statement credit through Apple Pay, Discover card members just:

- Make a qualifying purchase with a Discover card using Apple Pay on an iPhone.
- Select "Tap for Details" under the Discover redemption message in Apple Wallet.
- Then tap to redeem Cashback Bonus as a statement credit in the amount of the purchase.

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

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## **15. SQUARE BRINGS CONTACTLESS READER TO CANADIAN MERCHANTS**

*Source: Mobile Payments Today (10/05)*

Square's contactless and chip reader is now available to local businesses across Canada, according to a press release. The device accepts contactless cards and Interac Flash, as well mobile wallets such as Apple Pay and Android Pay. "Businesses of all sizes should have access to technology that can help them succeed—starting with an affordable, quick and easy way to accept more ways their customers want to pay," Jack Dorsey, CEO of Square, said in a statement. "We believe everyone should be able to participate and thrive in the economy, and by leveling the playing field for local businesses, we can shorten the distance between having an idea and making a living from it."

The contactless and chip reader is now available for order at Square Shop for \$59, with free shipping nationally. To celebrate the launch, Square is waiving transaction fees on debit for all new and existing Square sellers through the end of 2017. The new reader will be available in weeks at leading retailers including Staples, Apple, London Drugs and Amazon.ca.

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## **16. VANTIV PARTNERS WITH AEVI TO ENHANCE SMARTPAY TERMINALS**

*Source: Mobile Payments Today (10/15)*

AEVI and Vantiv announced at Money20/20 USA a major strategic partnership in North America to provide Vantiv's channel partners and merchants with an open application platform across the acquirer's SmartPay Series of hardware devices, according to a press release. The companies said the offering is the first in the U.S. to provide a payment product with the security of next-generation smart terminals and the flexibility of an Android-based application marketplace. The venture is intended to enable Vantiv's small and mid-size merchants to benefit from increased functionality and versatility to efficiently run and grow their business.

"By offering more choice through an open application platform, we can drive a simpler smart terminal solution to help our partners and merchants win in the market," Scott DeAngelo, senior vice president of product at Vantiv, said in the release. "With this solution, we are placing our partners and merchants ahead of the curve, whether it's through core software applications addressing specific POS needs, growing revenue through loyalty and analytics tools, or protecting their bottom line with inventory and labor management tools." AEVI's Marketplace will be available to channel partners as a plug-and-play solution for merchants, according to the press release.

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

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## 17. IBM AND DREAM PAYMENTS EXPAND PAYMENT SERVICES ON THE CLOUD TO U.S. FINANCIAL INSTITUTIONS

Source: *Dream Payments (10/16)*

IBM announced it is teaming up with Toronto-based FinTech company Dream Payments to bring new revenue generating mobile payment offerings to financial institutions and merchants in the United States via the IBM Cloud. Historically, financial institutions are slow to bring new products to market due to culture, legacy systems and heavy regulations within the payments industry. To stay competitive, they must be able to rapidly implement new mobile and digital payment solutions for their small business customers. Dream enables powerful partnering options by connecting banks, acquirers, retailers and value-added apps to deliver services that meet the demands of today's mobile merchants.

IBM and Dream Payments are rolling out Dream Payments Cloud to U.S. financial institutions --a scalable platform that enables financial institutions to provide business customers with secure mobile and digital payment services that help them go to market faster and improve customer experiences. With this platform, which is delivered via the IBM Cloud, financial institutions can avoid investing in the expensive and lengthy IT projects required to build these services in-house. For example, financial institutions can leverage Dream Payments' offering to rapidly launch solutions that work with emerging payment technologies like mobile wallets, CHIP cards and contactless payments.

Dream Payments turned to IBM because they needed a partner that could help them rapidly deploy cloud infrastructure while maintaining a high level of control and security. With IBM Cloud for VMware solutions, Dream Payments accelerated its cloud infrastructure deployment from three months to just days, while avoiding the cost and complexity of procuring, provisioning and managing new data centers. This deployment also enables Dream Payments to provide financial institutions with the level of control they need to maintain Payment Card Industry (PCI) certifications in the cloud.

"The combination of IBM's banking and financial services expertise along with IBM Cloud has allowed Dream Payments to build and scale its cloud infrastructure, right down to bare metal hardware access, to maintain bank grade security, PCI compliance and data sovereignty," said Chad Whittaker, CIO, Dream Payments. Dream Payments also plans to leverage IBM Managed Security Services including IBM QRadar on Cloud, a network security intelligence and analytics offering to help detect and take action against cybersecurity attacks and network breaches and improve their response to incidents.

"Financial service leaders and FinTechs recognize the need for digital reinvention to compete and win in the banking market," said Frank Attaie, Vice President of Financial Services, IBM Canada. "IBM provides clients the global cloud footprint and unified architecture they need to navigate regulatory and compliance demands while improving the customer experience."



IBM Cloud offers a growing catalogue of services including AI, Internet of Things, analytics, blockchain, serverless and more. With nearly 60 cloud data centres in 19 countries worldwide – including locations in Toronto, ON and Montreal, QC – IBM is helping companies securely manage and gain insight from their data when and where they need.

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

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## **18. GLOBALONEPAY EXPANDS DOMESTIC ONLINE PAYMENTS TO AUSTRALIA AND NEW ZEALAND**

*Source: Pivotal Payments (10/17)*

GlobalOnePay, a division of Pivotal Payments offering global omni-channel payment processing technologies and merchant services, today announced an agreement with IntegraPay, a leading payment services provider, to offer local, full domestic acquiring services in Australia and New Zealand. In addition to offering US, Canadian and European local acquiring, GlobalOnePay now makes it easy to expand into the lucrative Australian and New Zealand eCommerce markets. Online merchants can select the new countries in their client dashboard with a simple click, a seamless process that involves no third-party payment gateways or integrations.

Australian eCommerce has shown significant growth, with total online sales forecasted to exceed USD \$32 billion in 2017. More than half of that figure is attributed to overseas-based website purchases. Fuelled by high internet usage – 85% of the population of nearly 24 million have access – and significant mobile shopping via smartphones and tablets, Australia represents a key opportunity for cross-border merchants. For North American business owners looking to expand internationally, Australia and New Zealand are very favorable markets due to cultural and economic similarities with North America – and English is the majority language for both countries.

Benefits of GlobalOnePay's domestic transaction processing include:

- One-click access to rapidly growing eCommerce markets
- Higher approval ratios and lower chargebacks
- Lower interchange rates and cross-border fees
- Reduced risk and fraud related to cross-border transactions

"IntegraPay has been instrumental in helping us offer our merchants and partners direct access to Australia and New Zealand," said John Hughes, general manager of GlobalOnePay. "Our objective is enabling quick and easy expansion into new countries or regions, making it effortless to do business in local, foreign markets."



"We are excited to partner with a global payments leader in GlobalOnePay, further enhancing its platform's cross-border payments capability," said Chris Urry, chief executive officer of IntegraPay. "Combined, our solutions improve the way eCommerce businesses perform overseas, increasing sales, lowering transaction costs and helping to retain more profit."

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

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## **19. GEMALTO AND LEDGER JOIN FORCES TO PROVIDE SECURITY INFRASTRUCTURE FOR CRYPTOCURRENCY BASED ACTIVITIES**

*Source: Gemalto (10/04)*

Gemalto announced a technology partnership to deliver high-assurance security infrastructure for crypto assets applications. The joint Gemalto and Ledger solution consists an integration of Ledger's unique Blockchain Open Ledger Operating System (BOLOS) into Gemalto's industry-leading SafeNet Hardware Security Module (HSM) to provide a secure environment for financial institutions looking to leverage cryptocurrency. The solution enables a variety of use cases, such as launching investable products on cryptocurrencies, or stocking cryptocurrencies securely.

The market has seen a significant growth of cryptocurrencies over the past few years, now representing a market capitalization of USD 137 billion, compared to USD 7.8 trillion for gold and USD 83.8 trillion for the global stock market (see related sources below). In addition, multiple large banks and hedge funds have announced plans to develop and implement blockchain use cases, both for internal and external purposes. Register for the joint webinar with Ledger to hear how blockchain-based cryptocurrencies are changing the face of payments and financial services.

Eric Larchevêque, CEO at Ledger, explained: "As the market value of blockchain based solutions rises, so does the need for bank grade security products, when financial institutions are looking for dedicated, certified solutions. We plan to leverage SafeNet HSM to provide our clients in the financial industry with a unique, secure product line customized to their needs." Todd Moore, Senior Vice President of Encryption Products at Gemalto, commented: "With the proper security to protect communication, devices and users, blockchain can offer a trusted platform for parties that don't have an existing relationship to do business efficiently and transparently. Beyond the financial services market, we are also working with Ledger to embed BOLOS into any device's secure element and bring high-assurance security to markets like smart energy applications, home automation or wearables."



Customers can customize account-based digital signature policies, heightening security requirements for user authentication of these transactions. The solution also builds in the ability to execute blockchain-based smart contracts, which are self-enforcing, self-executing digitally signed contracts. Compared with traditionally brokered transactions, a secure blockchain application for cryptocurrency trading simplifies a financial organization's portfolio and contract management process by reducing costs and saving time.

Blockchain is a disruptive new technology that allows transactions to be carried out over peer-to-peer networks by acting as a distributed ledger that gives transactional authority directly to each counterparty involved. Blockchain enables faster, more efficient transaction and settlement processes. Additionally, blockchain is an ideal model to address the scalability concerns for widespread adoption of IoT. The massive volume of communication and data produced by IoT devices requires transactions to take place at the edge, a problem blockchain solves. Combining proven security technology with a decentralized system for IoT networks offers efficiency, user privacy, validation of the user's identity and transaction and secure offline storage to prevent theft or spoofing.

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

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## **20. UL LAUNCHES WEB BASED HOST TEST TOOL (WHTT)**

*Source: UL (10/24)*

UL launches a new web-based host testing platform to help companies ensure quality, performance and reliability of their host systems, while achieving multiple levels of validation with their payment platforms. Payment host implementation is a complex process, which requires multiple validations, often at multiple levels, over its life-cycle. Host testing and certification is performed prior to the rollout or change to production. This is typically a complex, resource-intensive process that comes after both major and minor implementations.

To address these issues, UL has engineered Web Based Host Test Tool (wHTT) that simplifies complex testing processes and operations. wHTT is the most complete host and API test solution for acquirers, issuers, payment schemes and processors that combines UL's production-grade switch engine (ASTREX) with superior user experience and test intelligence features.

Key benefits include:

- Ideal for all aspects of payment messaging including EMV, contactless, NFC and e-commerce;
- Continuous testing (regression and functional) to validate your host functionality;
- Test intelligence to greatly simplify the analysis and remediation of defects;
- Automated message analysis;



- Deep messaging interpretation, including ISO8583, EMV details and specific subfields for individual protocols;
- Ability to customize and save different test environment settings, and
- Clear and flexible configuration.

“UL Web Based Host Test Tool is a powerful solution that combines test intelligence with the convenience of web-based capabilities,” said Henrique Di Lorenzo Pires, Director of Technology at UL’s Transaction Security Division. “wHTT is engineered to help acquirers, issuers, payment schemes and processors achieve a smoother rollout of changes to production, avoiding major and costly issues in their payment infrastructure.”

*UL is a member of ACT Canada; please visit [www.ul-ts.com](http://www.ul-ts.com).*

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## **21. APPLE LAYS OUT AN AMBITION TO CAPTURE MORE ‘EVERYDAY’ SPEND FOR APPLE PAY**

*Source: Digital Transactions, John Stewart (10/23)*

Marking Apple Pay’s third anniversary, an Apple Inc. executive Sunday night outlined an ambition to make the wallet usable in a wide range of what the company calls “everyday” events in people’s lives. “This [Apple Pay] is the future of everyday spend,” declared Jennifer Bailey, vice president for Internet services at Apple. Speaking at Money 20/20, a financial-services technology conference in Las Vegas, Bailey pointed to a variety of routine markets where Apple Pay is already accepted: Retailers including Dick’s Sporting Goods and grocery chains operated by Albertson’s Cos.; mass transit, including the MTA in New York City; the ride-sharing app Lyft; order ahead at restaurants, including Chipotle and McDonald’s, both starting next month; and entertainment tickets through Ticketmaster. Apps for parking and delivery services are also on Apple Pay’s list, she said.

Separately, Boise, Idaho-based Albertson’s announced early Monday that Apple Pay is now accepted at all brands under its umbrella, a total of 2,300 food stores, now including Albertsons, Safeway, Vons, Pavilions, Tom Thumb, Randalls, and Carrs. The wallet was already accepted at Jewel-Osco, Shaw’s, Acme, Star Market, Haggen, and United stores. Bailey also pointed to Apple Pay Cash, a peer-to-peer payment feature of Apple Pay that the company announced earlier this year. The Apple Cash Card, a key component of Apple Pay Cash managed by prepaid specialist Green Dot Corp., will also be usable in stores, she said. Apple Pay Cash is undergoing tests by Apple employees and will be launched later this fall.

Apple Pay’s ambition to build usage by penetrating everyday spend comes as experts point to slow adoption of it and other mobile wallets issued by tech

companies. While 27% of owners of compatible Apple devices use Apple Pay, just 8% use it at least once a week, according to First Annapolis Consulting.

The opportunity, however, in getting a share of commonplace spending could be huge, Bailey told the audience. Without citing specific volumes, she said everyday spend is twice the volume of e-commerce and five times that of physical retailing. "We're now ready to transform the world with the way we pay with Apple Pay," she said. Apple Pay, which works via the iPhone and Apple Watch at the point of sale with near-field communication, can also be used in-app and online through Apple's Safari browser. Bailey said Apple Pay accounts for 90% of U.S. contactless transactions currently. Contactless until recently was relatively rare in the United States as many merchants that installed EMV terminals worked to activate the terminals' NFC capability. Half of all U.S. retailers are now capable of accepting Apple Pay, according to Bailey.

Worldwide, some 4,000 issuers in 20 markets now support Apple Pay, she added. This figure includes about 1,500 U.S. issuers, according to the latest list on Apple's Web site. The mobile-payment service was officially launched three years ago Oct. 20, with the U.S. as its first market.

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## **22. TD ANNOUNCES CONVERSATIONAL AI PLATFORM AGREEMENT WITH KASISTO**

*Source: TD Bank Group (10/04)*

TD Bank Group (TD) has announced an agreement with leading conversational AI provider Kasisto to integrate the company's KAI Banking platform into TD's top-ranked mobile app. The platform will give authenticated customers instant support and access to real-time spending insights through an experience that is as natural as texting with a friend. Today's announcement builds on TD's ongoing efforts to create frictionless, mobile-enabled experiences that help customers feel confident and empowered. TD was the first bank globally to offer Facebook Messenger as a way of connecting with customers and the first financial institution in Canada to offer a chatbot on Twitter to empower our customers to get instant help on select general inquiries, such as how to report a lost or stolen card, or chat with a specialist if needed.

Through the AI-powered interactive chat interface, TD app users will be able to check account information, review transaction histories and monitor spending levels. In addition, customers will also be able to get instant answers about specific spending-related questions including how much they spent on a recent weekend getaway, what their largest transaction was last week, or what they spent on categories like groceries or coffee last month.

"We are excited about this strategic initiative because it has the potential to help us evolve our relationships with more than 11 million digitally active customers



who interact with us every day," says Rizwan Khalfan, Executive Vice President and Chief Digital and Payments Officer, TD. "AI has the potential to change the future of banking and we are excited about the many ways it can help our customers. Data-driven AI platforms like KAI can help ensure we are continuing to create intelligent, highly personalized and empowering experiences for all our customers."

Kasisto has a track record of success with its KAI Banking platform, integrating its banking technology around the world. KAI-powered chatbots are fluent in banking and multi-lingual so they are able to fulfill requests and solve problems in a secure way – meeting customers in their preferred channel, including mobile and web. "We are very excited about the work with TD and we are inspired by their long-term strategy for transforming customer experiences," says Zor Gorelov, CEO and Co-Founder, Kasisto. "TD understands how to leverage the powerful combination of conversation and AI, and apply it to its customer-centric values and designs."

TD's technology investments have helped the bank create industry-leading financial services and products including the TD MySpend mobile app that leverages customer data to give users greater insights into their spending. TD will continue to enhance its data and analytics capabilities in order to both drive and inform next generation product development to meet customer needs.

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

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### **23. OT–MORPHO BECOMES IDEMIA, THE GLOBAL LEADER IN TRUSTED IDENTITIES**

*Source: IDEMIA (09/28)*

The result of the merger of Oberthur Technologies (OT) and Safran Identity & Security (Morpho), the OT-Morpho group became IDEMIA. The group's ambition is to empower citizens and consumers to interact, pay, connect, travel and even vote securely while taking advantage of the opportunities of an increasingly connected world. At an event that brought together nearly 2,000 guests at the Seine musicale Didier Lamouche, Chairman CEO of OT-Morpho, officially renamed the group IDEMIA. In a world directly impacted by the exponential growth of connected objects, the increasing globalisation of exchanges, the digitalisation of the economy and the consumerisation of technology, IDEMIA stands as the new leader in trusted identities placing "Augmented Identity" at the heart of its actions. As an expression of this innovative strategy, the group has been renamed IDEMIA in reference to powerful terms: Identity, Idea and the Latin word idem, reflecting its mission to guarantee everyone a safer world thanks to its expertise in trusted identities.



This event furthermore provided an opportunity to discover all of the group's latest innovations. These include the automated air passenger boarding process, the new generation biometric payment card, and embedded security systems to equip the connected cars of tomorrow. Supported by a workforce of 14,000 employees from all over the world, including 2,000 in the Research and Development department, IDEMIA is the result of the merger between OT and Morpho completed on 31 March 2017. Today a leading player in the identification and authentication sector, the group serves clients in 180 countries and provides services to five main customer segments: Financial Institutions, Mobile Operators, Connected Objects, Citizen Identity, and Public Security.

"Our future will be built through innovation and disruption which will revolutionise our daily lives. Our vision when we merged OT and Morpho was to build a new offer capable of revisiting the world of digital security. And this is what the creation of IDEMIA has achieved. Thanks to our talented people and the solutions they invent, citizens and consumers can now connect, interact, exchange, pay, travel or even vote in total confidence, drawing on the benefits of a connected world", Explained Didier Lamouche, CEO of IDEMIA. "The accomplishment of this promise is what we call augmented identity. It is about using the biometric characteristics of each person as a unique signature of individual identity, thus facilitating exchanges. It fosters confidentiality and trust and guarantees secure, authenticated and verifiable transactions. This is a decisive step towards a more frictionless, safer world".

OT-Morpho is now IDEMIA, the global leader in trusted identities for an increasingly digital world, with the ambition to empower citizens and consumers alike to interact, pay, connect, travel and even vote in ways that are now possible in a connected environment. Securing our identity has become mission critical in the world we live in today. By standing for Augmented Identity, we reinvent the way we think, produce, use and protect this asset, whether for individuals or for objects. We ensure privacy and trust as well as guarantee secure, authenticated and verifiable transactions for international clients from Financial, Telecom, Identity, Security and IoT sectors.

With close to €3bn in revenues, IDEMIA is the result of the merger between OT (Oberthur Technologies) and Safran Identity & Security (Morpho). This new company has a workforce of 14,000 employees of more than 80 nationalities and serves clients in 180 countries.

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

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## **24. RBC AND PETRO-CANADA TEAM UP TO DELIVER EXCLUSIVE SAVINGS AND INNOVATIVE LOYALTY BENEFITS TO CANADIANS**

*Source: RBC Royal Bank (10/17)*

In another Canadian first, Royal Bank of Canada ("RBC") and Petro-Canada, a Suncor business, have announced an innovative new program that allows Canadians to instantly save on fuel and earn more points across both loyalty programs when paying with any personal or business RBC credit or debit card. Starting on October 31, RBC clients will be able to link their Petro-Points card to any personal or business RBC debit or credit card to instantly receive 3¢ per litre fuel savings and earn 20 per cent more Petro-Points on qualifying purchases made at Petro-Canada. RBC Rewards credit card holders will also earn 20 per cent more RBC Rewards points on their Petro-Canada purchases. Unlike other loyalty programs where the benefits are limited to a specific card, Canadians will be able to use every RBC card in their wallet to save instantly on fuel and earn more rewards points. Clients simply need to link their Petro-Points card to their RBC profile online once by visiting the secure RBC website, [rbc.com/petro-canada](http://rbc.com/petro-canada).

"This announcement is about delivering value to Canadians through a seamless, simple and convenient experience, no matter what type of RBC card they choose to pay with," says Sean Amato-Gauci, Executive Vice-President, Cards, Payments & Banking, RBC. "Together with Petro-Canada, we've created a unique program that provides Canadians with great savings on fuel purchases, bonus rewards points and access to the benefits of our market-leading credit and debit solutions. We're changing the loyalty landscape – our innovative linking experience will provide significant savings and value to more than 12 million RBC and Petro-Canada customers, without requiring them to apply for a specific card."

This strategic, long-term relationship between RBC and Petro-Canada represents a unique opportunity for two of Canada's iconic brands to work together for the benefit of Canadian consumers. As part of this announcement, more than 500 RBC-branded ATMs will be rolled out to Petro-Canada locations across Canada over the next six months. "This is all about increasing the value of what we offer our guests and making it simple to save money. We are excited to team up with RBC to offer an integrated solution that allows our guests to receive more instant fuel savings, earn bonus Petro-Points and redeem points with the same card. Even though their card won't look any different, their RBC credit or debit card will now serve as a Petro-Points card," says Deborah Gullaher, Vice-President, Sales and Marketing, Suncor. "Our guests told us that they are looking for choice and a financial partner that provides extra value. We believe that by working with RBC to offer our guests a greater choice in payment, while they earn points faster, is the solution."

To link a Petro-Points card to their RBC profile on October 31, clients simply need to visit [rbc.com/petro-canada](http://rbc.com/petro-canada), enter their online banking credentials and Petro-Points card number, agree to the terms and conditions, and that's it. Within



two business days, clients will start receiving instant fuel savings and bonus points when they shop at Petro-Canada with their RBC card or the RBC Wallet.

*RBC Royal Bank and Suncor Energy are members of ACT Canada; please visit [www.rbc.com](http://www.rbc.com) and [www.petro-canada.ca](http://www.petro-canada.ca).*

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## **25. EU BANK TO DEACTIVATE NON-EMV DEBIT CARDS STARTING DECEMBER 4TH**

*Source: ICMA InBrief (10/25)*

EastWest Bank is deactivating all its non-EMV, magnetic stripe-only debit cards at 11:59 p.m. on December 4, 2017. Once a non-EMV card is deactivated, customers can no longer use the cards at automated teller machines (ATMs), point-of-sale (POS) terminals, and for online transaction, the bank said in a statement on Monday.

“We are deactivating all magstripe-only debit cards for our customers’ own protection. Debit cards with EMV chips are safer to use as they provide layers of security protection against skimming and transaction fraud,” said EastWest SEVP & Retail Banking Head Gerardo Susmerano. To avoid any rush and inconvenience, customers who still using magstripe-only EastWest debit cards are encouraged to visit the branch where their respective accounts were opened well ahead of the deactivation date to claim the free EastWest Debit Card with EMV-chip technology and payWave.

Those with payroll accounts are advised to coordinate directly with their company’s HR department. An EMV card is embedded with a microprocessor chip that creates a unique transaction code for each payment that cannot be used again in succeeding transactions. EastWest debit cards with EMV and payWave have enhanced security features against fraud and identity theft and secure contactless technology for greater convenience and global acceptance, the bank said. It began issuing EMV debit cards in May 2015. The bank’s 580 ATMs nationwide are EMV-ready. Starting this year, EastWest replaced around 300,000 debt cards issued before 2015.

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## **26. MONERIS INTRODUCES ENHANCEMENTS TO ITS PAYD FAMILY OF MOBILE POINT-OF-SALE SOLUTIONS**

*Source: Moneris (10/04)*

Moneris Solutions Corporation (“Moneris”), announced a series of new enhancements to its PAYD family of mobile point-of-sale (mPOS) solutions. Enhancements include the introduction of the Verifone e355 mobile PIN Pad to help increase payment processing efficiency for businesses on the go, and a brand



new interface for the PAYD Pro Plus mobile application, making it easier for businesses to manage their sales and operations.

Businesses are increasingly adopting mPOS solutions that connect to smartphones and tablets, with mPOS solutions expected to account for more than a third of all POS terminals by 2021. 1 Enhancements to the PAYD family of mPOS solutions improve the way small businesses accept payments and manage important business tasks. The e355 mobile PIN Pad for PAYD Pro and PAYD Pro Plus supports Bluetooth and Wi-Fi connectivity, and enables businesses to accept a variety of secure payment options, including contactless, chip & PIN and swipe. Both PAYD Pro and PAYD Pro Plus offer businesses simple, affordable pricing and the ability to accept Interac Debit transactions.

“Consumers are increasingly using digital technologies like contactless payments and mobile wallets at the traditional point-of-sale, prompting merchants to seek out mPOS solutions that meet the same standards for security and convenience,” said Malcolm Fowler, Chief Product and Partnership Officer, Moneris. “By offering a full-feature chip & PIN and contactless mobile PIN Pad, Moneris is providing merchants and consumers with the same secure technology they are familiar with in-store, allowing for greater ease and peace of mind when accepting payments on the go.”

#### New PAYD Pro Plus mobile application

PAYD Pro Plus, the retail POS solution for iPads, has received a new user interface and design to help improve the way businesses manage their sales and operations. The new PAYD Pro Plus application has been optimized to run on the latest versions of Apple’s iOS platform and features Touch ID at login for added security. Merchants using the current version of PAYD Pro Plus will have all of their store and business information transferred seamlessly to the new version of the app. The brand new app is available for download today in the App Store.

The Verifone e355 mobile PIN Pad offers businesses faster processing speeds and a more robust design for increased reliability and durability. Key features of the PIN Pad include:

- High-speed Wi-Fi and Bluetooth connectivity
- Supports latest industry security standards
- Long-lasting battery for enhanced usability
- Vibrant, backlit colour screen made of Corning Gorilla Glass for maximum durability

Healing on the Danforth, a holistic therapy centre in Toronto, uses PAYD Pro with the e355 PIN Pad to accept credit and debit card payments from clients. “The e355 has been a great addition to my clinic because it allows me to bring the payment experience directly to clients rather than have them wait at a counter,” said owner, Timothy Phillips. “It’s very easy to use, sleek and fast. I’ve had





comments from many clients who appreciate the speed of the transaction.” The Verifone e355 mobile PIN Pad pairs seamlessly with PAYD and PAYD Pro Plus applications running on a smartphone or tablet. The VeriFone e355 is available now for PAYD Pro and will be available for PAYD Pro Plus in late October.

*Interac, Moneris and Verifone are members of ACT Canada; please visit [www.interac.ca](http://www.interac.ca), [www.moneris.com](http://www.moneris.com) and [www.verifone.com](http://www.verifone.com).*

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## **27. INNOVATION CREDIT UNION TO INTEGRATE ACCOUNT OPENING WITH ITS BANKING SYSTEM FOR FAST, SEAMLESS MEMBER EXPERIENCE**

*Source: Central 1 Credit Union (10/05)*

Central 1 Credit Union (Central 1), building on the strengths of its Open Anywhere account opening solution for credit unions, is launching the solution integrated with DNA from Fiserv, a core banking system used by many credit unions in Canada. Launching with Innovation Credit Union in Saskatchewan, Central 1 brings an origination solution that is automated and fully integrated with its banking host, DNA from Fiserv, bringing real-time communication with the banking host. There is no manual entry by credit union staff, streamlining operations to deliver an efficient solution for credit unions while offering a seamless experience for new members opening accounts.

Innovation Credit Union has built a history of embracing and driving new technologies to serve its members in the Prairies. “Central 1 has been a strategic partner to Innovation Credit Union for many years, and that partnership will become even more important as we work towards becoming a federal credit union in 2020,” says Dean Gagne, Chief Omni & Digital Officer, Innovation Credit Union. “We’ve enjoyed a truly collaborative process with Innovation Credit Union to combine the benefits of Open Anywhere integrated with its banking host system,” says Margarita Lurye, Senior Product Manager at Central 1. “Open Anywhere enables prospective credit union members to open and fund new accounts online in minutes, using their mobile, tablet or desktop device. With the DNA integration, Open Anywhere is now integrated to most host banking systems used in Canada.”

Developed by Central 1’s Fintech experts in the Digital & Payments group, Open Anywhere, and the new Borrow Anywhere, are part of the Origination Solutions suite of products that enables credit unions to offer a seamless account opening and lending experience across channels. Origination Solutions are powered by an integrated omni-channel platform, offering such advanced features as electronic signatures for paperless processes, automated decisioning, document repository, and compliance with the latest regulatory changes.

*Central 1 is a member of ACT Canada; please visit [www.central1.com](http://www.central1.com).*

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## **28. ALIPAY PUTS EMPHASIS ON PARTNERSHIPS AS MERCHANT ACCEPTANCE GROWS IN NORTH AMERICA**

*Source: Mobile Payments Today, Will Hernandez (10/22)*

Souheil Badran was a busy man last week as the president of Alipay North America saw his company make a number of announcements to expand the mobile wallet's acceptance with merchants in the U.S. and Canada as more Chinese tourists visit the continent. Alipay announced Marqeta, North American Bancard and Poynt as new partners in attempt to reach more merchants while it expanded an existing Verifone partnership to include acceptance in taxis across fleets in major Chinese tourist destinations such as Las Vegas and New York City.

Badran's week wasn't done as he spoke Sunday at the annual Money20/20 conference in Las Vegas to give attendees the current bird's-eye view of Alipay's operations in North America, particularly in the U.S. "The approach we've taken is [about] partnerships," he said during a presentation before a standing-room only crowd Sunday afternoon. That approach ramped up this year as the number of Chinese tourists visiting North America continues to rise. Some 3.46 million Chinese tourists are expected to visit the U.S. this year. That figure was only at 800,000 in 2010, according to one study from Statistic. Alipay saw an opportunity to expand here after it brought its brand to countries in southeast Asia, as well as other Chinese tourist hotspots such as the U.K.

"[These partnerships] enable the Chinese consumer to pay the way they want to and with something they're comfortable with," Badran said. And there are a lot of those consumers as Alipay sees 523 million users on the service. Some 10 million are considered high spenders, spending anywhere between \$45,000 to \$75,000 in a year via the app. That's an unfathomable amount in the U.S. as mobile wallets here continue to struggle with widespread consumer adoption and use. But Badran said Alipay is unique in that it truly listens to consumers and adds features users ask to see in the mobile wallet.

"We took a different approach for the wallet to really be a part of everyday life [for our users]," he said. Alipay boasts what Badran described as "sub applications" within the mobile wallet. There are 60 of them, which, include anything from an online travel agent called Fliggy, to the ability to pay for utilities and to book and pay for an Uber ride, just to name a few. Badran expects the partnerships to continue as Alipay expands its merchant acceptance footprint in the U.S., but he made clear the company is not seeking to "replace anything" in this market. In other words, don't expect a U.S.-based Alipay mobile wallet any time soon, if ever.

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

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## 29. ELAVON AND POYNT ARE BRING FIRST SMART TERMINAL TO CANADA

Source: *Elavon (10/10)*

Elavon and Poynt are bringing the Poynt Smart Terminal to businesses across Canada. Poynt is a wireless, dual touchscreen, smart terminal that allows businesses to accept payments anywhere. “Poynt makes the payment experience easy and engaging for customers, which is not something they’ve experienced with traditional payment terminals,” said Mia Huntington, general manager, Canada for Elavon. “It builds trust and loyalty for businesses while protecting their payment data. It is also scalable, so it can flex and grow with the business.” The technology is ideal for a variety of business types, including retail, lodging, restaurants and health and wellness. Merchant conveniences like real-time reporting, apps, and a built-in scanner and printer coupled with customer-favorite features like a second screen with private tipping options set the Poynt terminal apart.

Poynt was started in 2013 by Google Wallet founder and former PayPal executive Osama Bedier. “We are proud to expand into Canada with Elavon; we are thrilled to be the first to offer businesses the ability to create the most modern payment experience for their customers thanks to sleek features and ultimate payment flexibility,” said Mr. Osama Bedier, CEO of Poynt.

Poynt combines the versatility of mobile technology with the latest in payments to create a future-proof terminal. Some notable features of the Poynt Smart Terminal include:

- Ultimate payment flexibility: Customers can pay via chip and pin, Interac or contactless, including mobile payments using Apple Pay and Android Pay.
- Truly mobile terminal: Built-in wi-fi and broadband capabilities enable businesses to accept payments at the counter, in-aisle, at the table, or wherever their customers want to pay.
- Powerful reporting and settlements: The user-friendly HQ dashboard provides real-time access to reporting, and is available directly from the terminal screen, or via the web or mobile device. This allows businesses to closely monitor sales and transaction activity, providing immediate insight into critical operational trends.

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

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## 30. MASTERCARD PARTNERS WITH THE CLEARING HOUSE FOR TOKENIZATION MANAGEMENT

Source: *Mobile Payments Today (10/20)*

The Clearing House and MasterCard are partnering to enable the former to provision and manage MasterCard-branded tokens on behalf of banks, according to a press release. The partnership with MasterCard establishes The Clearing



House as one of the first MasterCard-certified third-party token service providers to enter the U.S. market and enables The Clearing House to support current and future token capabilities ranging from mobile payments to remote purchases and Internet-of-Things transactions.

The Clearing House has been a long time participant in tokenization. Its tokenization product conforms with the card industry's EMVCo framework and fully complies with the MasterCard Token Service Provider Standards, which were initially published in August 2016. This agreement paves the way for The Clearing House to offer fully compliant tokens that transact over the MasterCard network. The partnership builds on MasterCard's desire to support a robust token ecosystem and enable issuer optionality for services, according to the press release.

"The safety and security of payments is paramount to TCH and our owner banks, and was a core rationale for our initial token work stemming back several years," said Dave Fortney, executive vice president of product development and strategy at The Clearing House, in the release. "We are excited to partner with MasterCard to provide issuer optionality and functionality for token services."

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

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### **31. WESTERN UNION AND MASTERCARD BRING A NEW TWIST TO MONEY TRANSFERS**

*Source: Digital Transactions, Peter Lucas (10/27)*

The Western Union Co. positioned itself to fend off competition from peer-to-peer payment services by partnering with MasterCard Inc. to integrate MasterCard Send into its money-transfer service. The service, which is expected to be available in only the United States starting in early 2018, will allow consumers to send money from a bank, debit, or credit card account directly to someone's debit card account by entering the recipient's 16-digit card number using Englewood, Colo.-based Western Union's WU mobile app or WesternUnion.com.

"MasterCard is well-positioned to support us in delivering innovations right across our extensive global footprint," says Western Union's Libby Chambers. The agreement with MasterCard is significant for two reasons, says Richard Crone, principal at Crone Consulting LLC, San Carlos, Calif. First, it streamlines the remittance process for the sender and recipient. While consumers previously could initiate a money transfer through Western Union using a debit or credit card, funds were either sent to a Western Union office or a bank account, which required entering a routing and account number. In some countries, funds could be sent to a mobile wallet, Western Union says.



“This removes some of the barriers to remittance,” says Crone. Secondly, and more importantly, sending funds directly to someone’s debit card account positions Western Union to compete with P2P payment services that initiate payments from a consumer’s demand-deposit account, such as the bank-controlled Zelle and PayPal Holdings Inc.’s Venmo. These competitors have been nibbling away at Western Union’s core money-transfer business and attracting business from some of its unbanked customers—a vital segment for the wire-transfer market leader, according to Crone.

“Adding this capability improves the customer experience and helps Western Union compete with the likes of Zelle and Venmo,” Crone says. “Western Union can’t grow, let alone survive, as a stand-alone entity without ubiquitous access to a worldwide debit network, which MasterCard Send gives it.” MasterCard Send acts a central hub that enables funds to be sent securely in near real-time. To move money, MasterCard Send uses a process called original credit transactions, or OCT, in which a processor reverses a transaction through the bank card networks by acting like a merchant. Instead of flowing funds to the sender, the credit from the reversal goes to the receiver’s account, enabling near real-time payment. MasterCard Send launched in 2015. Visa introduced its version of OCT in 2010, and modified its rules in 2015 as services like Venmo, Square Cash, and Facebook Messenger developed.

“Western Union customers conduct millions of transactions a year, and now their U.S. customers will be able to send money directly to virtually any U.S. debit card in 30 minutes or less,” Leigh Amaro, senior vice president of Enterprise Partnerships for MasterCard, tells Digital Transactions News by email. “With MasterCard Send, Western Union customers have a powerful new way to send funds directly to the debit cards in the wallets of millions of Americans.” Neither MasterCard nor Visa would disclose pricing. If Western Union’s new debit service is a hit, the company says opportunities to expand it beyond the U.S. are likely to arise. “MasterCard is well-positioned to support us in delivering innovations right across our extensive global footprint,” says Libby Chambers, chief strategy, product and marketing officer for Western Union, in an email to Digital Transactions News. “When a particular innovation works in one market we can jointly assess and plan for moving it to others.”

One way to make the service more appealing to consumers would be for Western Union to strike a similar deal with Visa Inc. to leverage its similar Visa Direct service, and even sign deals with larger PIN-debit networks, Crone says. “This agreement is an acknowledgment by one of the oldest brands in money transfer that the new originating and receiving point for money movement is the debit card,” says Crone. “Why limit your options by making this deal exclusive?”

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

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## 32. UBER INTRODUCES A CREDIT CARD

Source: *Tech Crunch* (10/25)

Announced in partnership with Barclays and Visa at the Money2020 conference in Las Vegas, the new card gives Uber yet another point of access to incredibly valuable customer information and marks another front in its campaign to assume a larger role in online and offline commerce. Not content with just having a record of some of the comings and goings of the at least 10 million people that use the company's ride-hailing service every day, Uber will now get a record of some of those folks' daily purchases through the new card. Applying for the card is easy. Starting November 2, Uber will give users the option to get the card right in its app, and will populate all of the information they have on file for their customers into the application. Folks also can apply for the card online.

After a few minutes, an applicant can get a verdict on their creditworthiness and then... Presto! The card is automatically available for use for Uber rides and UberEats purchases and a physical card will show up in the mail within a week or so. The no-fee card offers a bonus of \$100 after spending \$500 on purchases within the first 90 days, and has other perks, like 4 percent back on restaurants, take-out and bar purchases; 3 percent back on airfare, hotels and Airbnb or other short-stay rentals; 2 percent back on online purchases; and 1 percent back on everything else. The new card also gives users a \$50 credit for online subscriptions (after spending \$5,000 on the card per-year), phone insurance of up to \$600 if someone uses the card to pay their monthly phone bill; and exclusive invites to events for card members.

To unpack that a bit, in exchange for fronting the cash and getting information about the \$5,000+ worth of stuff you've bought, Uber will hook you up with \$50. And the company's card will also insure your phone once it has information on your carrier and what you're spending money on through that carrier. That's an almost Amazonian level of information Uber could get about its customers. But, David Richter told me the company would not be selling to third parties any of the data it collects. Folks can also track and redeem points for Uber credits, cash back and gift cards.

The app's integration within Uber looks beautiful, and it's a clever way to capture all that valuable data... If you've already given up on the notion that data is any way private or not a commodity, then the card is probably not a bad bet... the perks seem good. It's just... Uber has had issues with privacy in the past, and that might be something that should give consumers pause. For one, Uber built out a God-mode to let employees check the comings and goings of users with little to no restrictions or transparency. The company also built a feature that tracked user locations once they'd left a vehicle. The card will come with annual percentage rates of 15.99 percent, 21.74 percent and 24.74 percent based on an applicant's credit worthiness... and there's no upper limit on credit lines, according to a Barclays spokeswoman.

This push into payments comes as the battle for customized shopping experiences for consumers heats up. Amazon already has so much data about what its customers are doing that it can offer a compelling argument to be the main (potentially only) retail outlet for a consumer. Where Amazon runs into limitations is in the physical world with actual restaurants and other grocery stores. With its new credit card, Uber could make a compelling proposition for companies that want to find a way to offset the Amazonian monolith. By getting all that payment information, Uber can begin pairing with merchants to offer customized offerings, paid off with an Uber card.

Also worth mentioning is that this push into credit is the opposite path that Uber's big emerging markets rivals have taken with their own payment features. Southeast Asian ride-hailing platform Grab bought Kudo earlier this year as a way to get its customers access to basic digital financial services, and Ola built out a standalone app for the same reason. It's a different path, but same goal to be more relevant and "top of mind" for users. In the U.S. this gambit is a new front in the war for customer loyalty and dollars. Your move, big e-commerce giants.

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### **33. DREAM PAYMENTS LAUNCHES THE DREAM POINT OF SALE FOR MERCHANTS OF ALL SIZES**

*Source: Dream Payments (10/20)*

Dream Payments, a fintech that powers a payments cloud for businesses across North America, announced that it has launched the Dream Payments Point of Sale ("Dream Payments POS") for First Data's Clover merchants. The launch of Dream Payments POS, combined with Clover, the world's most powerful line of smart payment terminals, enables merchants to sell everywhere, accept all payments, and access powerful apps like QuickBooks, to run their businesses from the palms of their hands. With Dream Payments already established as an industry leader in Canada, Dream Payments POS will now be available for businesses of all types, including retailers, restaurants, salons, and healthcare providers across the United States this fall.

"We are proud to deliver a smart point of sale that works seamlessly with Clover smart payment terminals for merchants across the USA," stated Brent Ho-Young, CEO of Dream Payments. "Retail is going through a once-in-a-generation transformation. Small and mid-sized businesses are demanding commerce solutions that free them from behind their counters and deliver frictionless checkout experiences in-store and on-the-go. With Dream Payments POS and its seamless integration into Clover, Dream has democratized access for any sized business to a powerful commerce platform that traditionally only the largest retailers could afford."

Designed to work with Clover's next generation payment terminals, including the Clover Flex and Clover Mini, the Dream point of sale solution delivers



the commerce capabilities that merchants need to start, grow, and run their businesses:

- Full Featured: Dream Payments POS allows merchants to accept payments, issue receipts, customize and manage a product catalogue, and view real-time sales. Dream Payments merchants can also access an online dashboard to generate reports, view analytics, update settings and manage their business right from their Clover smart payment terminal or online.
- Accepts All Payments: Dream Payments POS and Clover smart terminals enable merchants to accept all types of payments from their customers, including Credit and Debit Cards, CHIP (EMV) Cards, Contactless Payments, and Mobile Wallet Payments, including Apple Pay, Samsung Pay, and Android Pay. With Dream Payments POS and Clover, merchants will always be able to accept all payments and never miss a sale.
- Easy Setup: Merchants that purchase a Clover smart payment terminal can start using Dream Payments POS within minutes. The Dream Payments POS app and Clover also deliver application and security updates remotely through the cloud to help merchants focus on running their business.
- Automated Accounting: Merchants will soon be able to utilize Dream Payments POS as a smart point of sale that instantly updates QuickBooks Online with every sales transaction. Sales details including inventory, taxes and more will be automatically updated. The integration will also allow merchants to collect in-person payments for QuickBooks invoices from within the Dream Payments POS app.

Dream's expansion into the United States comes as the US payment processing industry evolves rapidly and continues its migration to comply with global EMV standards. This industry transformation move requires US merchants to upgrade their legacy point of sale devices to smart payment terminals such as Clover, newer technology that accept all forms of payments, including chip enabled credit and debit cards as well as contactless payments.

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

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### **34. PSD2 STRONG CONSUMER AUTHENTICATION TO HELP SECURE EUROPEAN PAYMENTS**

*Source: SecureIDNews (09/28)*

As Europe moves toward a more efficient payment system designed to better meet the needs of digital commerce and cross-border transactions, a program called PSD2 Strong Consumer Authentication has emerged as a cornerstone of that effort. In fact, secure authentication stands as one of the prime requirements of the European Union's second Payment Services Directive, commonly called PSD2.





The goals of Strong Consumer Authentication within PSD2 are to reduce online transaction fraud and better protect consumer data by requiring two-factor authentication for payments exceeding 30-euros

That might sound like a new robot from “Star Wars,” but PSD2 represents a decade-plus effort to rework the competitive landscape for payments in Europe. The first Payment Services Directive, adopted in 2007, created a single market for payments in Europe and provided the legal foundation for the Single Euro Payments Area, which, among other results, made bank transfers simpler and easier, according to the European Payments Council.

The revised directive, PSD2, is designed to reflect the rise of online payments and the entrepreneurs and new services that have sprung up to meet consumer demand in this digital environment. Those new players did not fall under the regulatory umbrella of the 2007 directive, making an update necessary. According to the payments council, the new PSD2 will “make payments safer, increase consumer protection, and foster innovation and competition while ensuring a level playing field for all players, including new ones.” How PSD2 Strong

### Consumer authentication will work for European payments

Now the payments and secure authentication industries in Europe—and those companies that serve Europe—are working hard to meet PSD2 requirements. EU members are expected to approve these requirements into their national laws by Jan. 13, 2018. The PSD2 Strong Consumer Authentication piece is scheduled to come into force in the fourth quarter of 2018. “PSD2 mandates Strong Consumer Authentication for transactions above €30 (about US\$36), meaning two-factor authentication will be required to verify the transaction,” according to secure authentication firm Signicat, which has recently released a white paper on the subject. “SCA mandates that authentication is based on at least two of the three elements of knowledge, possession and inherence.”

According to the European Payments Council, the goals of PSD2 Strong Consumer Authentication are to reduce online transaction fraud and better protect consumer data. That means all electronic transactions conducted under the PSD2 regime will have to include two of the following three factors: Something only the user knows, such as a password or PIN; something only the user possesses, such as a key; and something the user is, which means a biometric such as fingerprints or voice recognition. For remote transactions, however—think mobile purchases—it also requires the use of “unique authentication codes that dynamically links the transaction to a specific amount and a specific payee.” PSD2 Strong Consumer Authentication rules do not apply to transactions below that 30-euro amount, or when the beneficiary is already identified.

That’s not to say the requirements won’t face challenges. In its white paper, for instance, Signicat cautions that, “SCA could damage business by creating more friction for the consumer at the checkout. Once SCA is triggered, providers will be



forced to look for ways to simplify the transaction process either through exemptions or low-friction (method).”

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### **35. ABCORP PROVIDES US BANKS WITH UNRIVALED DUAL-INTERFACE PAYMENT CARD SOLUTIONS**

*Source: Embedded Security News (10/18)*

American Banknote Corporation announced that it has significantly increased its capacity to produce dual-interface EMV payment cards. New investments in industry-leading equipment, technology, and the strict qualification process of suppliers, has fast-tracked ABCorp’s PCI-compliant facilities to respond to the rising demand of contactless products. With strict attention to efficiency, the new line of best-in-class manufacturing equipment enables ABCorp to assist a broad range of customers from those desiring just-in-time management of their payment card programs to those requiring several million cards at any given time.

The ABCorp portfolio of innovative smart products offers a variety of proven chip and antenna solutions with components that can be integrated into multiple form factors. Innovation paired with the ABCorp in-house design team, brings decades of experience developing card programs with standard and unconventional inks, materials and substrates such as metal. This balance of internal proficiency and equipment helps to structure pricing models for any issuer, for any project. As a turn-key EMV solutions provider, ABCorp has been involved in the design, manufacture, packaging, and distribution of dual-interface EMV cards across the globe for many years. An international presence and multiple secure bureaus offer extensive EMV card personalization solutions, data management, mailing, fulfillment and distribution services for efficient delivery to clients and end-consumers.

William (Bill) Brown, ABCorp CEO, commented that, “Consumer demand for dual-interface payment cards in the US has been lagging, but is anticipated to undergo a rapid migration in the coming 24 months and ABCorp is positioned to accommodate the demand. Our core strengths of secure manufacturing of cutting-edge products, and offering end-to-end solutions, dovetails perfectly to meet this need. ABCorp offers proven turn-key dual-interface solutions to banks, credit unions, and commercial companies looking to provide their customers with the latest contact and contactless payment solutions. We feel very fortunate to have avoided a premature build-out of capacity with what is now largely outdated manufacturing techniques, and to now be in the position to offer customers tremendous flexibility in their programs to enhance their customer-engagement efforts.”

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

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

Please forward any comments, suggestions, questions or articles to [andrea.mcmullen@actcda.com](mailto:andrea.mcmullen@actcda.com). Please note that articles contained in this newsletter have been edited for length, and are for information purposes only. If you would like to be removed from our newsletter distribution list please follow the unsubscribe instructions at the bottom of the email.

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### **Insights • Networking • Visibility**

ACT Canada is the place to be to:

**Filter** the truth from market noise

**Understand** complex issues

**Facilitate** problem resolution

Because stakeholder dialogue helps you make profitable decisions.