

# THE YEAR OF PAYMENTS - 2015

## ONE QUARTER IN

A PYMNTS.COM REPORT



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# WELCOME



## THE YEAR OF PAYMENTS — 2015 — ONE QUARTER IN BY KAREN WEBSTER, CEO MARKET PLATFORM DYNAMICS

According to the Chinese lunar calendar, **2015 is the Year of the Sheep**. Sheep, so says the Chinese astrological calendar, are gentle, calm and cute – animals seen as symbols of peace, harmony and tranquility. But since sheep also need dogs like border collies to keep them from wandering into harm's way, they may be nice and cute but they don't appear to be the sharpest tools in the farmer's shed.

The Year of the Sheep characterization doesn't exactly pass muster when looking at the **Year of Payments**, at least so far. The first three months of 2015 have been anything but gentle and calm but the moves that we've seen have been made by some pretty sharp innovators. We've seen some pretty big strategic acquisitions, loads of new product launches, some very interesting new players enter the space, even some existing players exit some of the stuff they were doing, and lots of new twists to some old themes in security, Point of Sale technology and customer engagement.

We also even affirmed some of what many of you regular readers of PYMNTS.com have suspected for some time – and that's that the most innovative players in payments aren't traditional payments players at all. Our [Payments Innovation Index, Pii360](#), revealed that 6 of the Top 10 most innovative companies in payments aren't even traditional payments companies. They're technology companies and relative newcomers to payments – many of which, if human, wouldn't even be old enough to drive. And the whole peace and harmony thing?

Well, take a look at this list of the 20 things that have more or less defined the Year of Payments so far and you tell me how peaceful and harmonious these moves have been for the payments ecosystem, overall:

1. **Samsung** bought [LoopPay](#).
2. **PayPal** bought [Paydiant](#).
3. **Amazon** launched [Home Delivery Services](#) in more than 20 cities, threw down the gauntlet in the [grocery segment](#) and upped the ante on delivery to same day and even one hour in key cities.
4. **Google** bought [Softcard](#) in an effort to sneak onto the phones of AT&T, T-Mobile and Verizon
5. **Facebook** launched payments inside of [Messenger](#), which is positioning itself as a one-to-one retail hub for merchants and consumers.
6. **Apple Pay** added more merchants and banks, and is still forgotten more times at the point of sale (85 percent of people still haven't given it a spin) than it is used, but appears to be gaining some early momentum in app.
7. **The CFPB** has it in for [payday lenders](#) as it contemplates rules for them to live by **while banks** worked hard to cozy up to innovators in the lending space to get back into the good graces of small businesses.

8. **Amex** lost the Costco deal and 20 percent of its loan and 10 percent of its card volume in the process.
9. **Square** ditched its consumer wallet and doubled down on services designed to cozy up to merchants, that made it look more and more like an acquirer and less and less like a mobile payments contender.
10. **Retailers** struggled to post big numbers to the sales big board as retail sales dropped thanks to record snowfall in the Northeast and consumers' reluctance everywhere to open their wallets despite positive economic trends.
11. **EMV migration** marched on as some retailers asked the networks for a reprieve, some remained oblivious to the need to do anything at all, and still others worked on the hop, skip, and jump to mobile.
12. **Fraud** continued to rear its ugly head as clever cybercrooks found Apple Pay's weak link, while others hacked into systems and swiped consumer credentials in order to wreak havoc with fake identities later.
13. **Tokenization** built both momentum – and controversy – as issuers and networks touted its security features, the Internet of Things purveyors pointed to it as the only way to move commerce to the edge of connected devices and merchants tried to understand the implications to their customer data and experience.
14. **Point of sale** continued to mobilize as retailers embraced a simplified way to run their businesses and accept payments anywhere their consumers wanted them to be.
15. **Alipay's ePass** quietly seduced retailers to the front door of the Chinese consumer and their penchant for shopping outside of their home country.
16. **Real Time and Same Day ACH** was debated in the U.S. as competing/complementary proposals were put in front of banks to incentivize them to enhance their current settlement systems so that faster and ubiquitous ACH-enabled payments could be provided to consumers and businesses.
17. **Bitcoin** continued to suck up investor dollars as the value of the currency tanked, exchanges continued to go bust and the relative value of the protocol as an alternative to existing networks was questioned.
18. **Visa and MasterCard** hedged their own mobile payments bets by recruiting developers and merchants to enable and accept their own branded payments marks as a way to scale their brand of payments across a variety of merchant and innovator use cases.
19. **Terminal manufacturers and acquirers** embraced the cloud as products with robust software and value-added services components superseded discussions about purpose-built, hardware-based solutions.
20. **Payments data** got smarter, not just bigger, in the hands of innovators with the tools and platforms that helped retail and payments players refine their own strategies – find and engage the best customers, reduce risk, and detect fraud.

As I said, not a whole lot of calm, peace and harmony happening so far.

Here's another observation about the Year of Payments 2015, three months in.

This list of 20 key developments is further proof that the innovation that's changing how payments is done is coming from players outside of "core" payments and therefore, forcing it to happen at the intersection of payments and just about every other ecosystem out there.

Take for instance, the intersection of **Payments and Commerce** — one at which payments will become *even more critical* and valuable *the less visible* it becomes. Embedding payments inside another activity like buying ingredients for a new recipe found inside the Yummly recipe app and having them delivered in an hour, or booking a cheap room at Airbnb, or ordering an Uber-powered rickshaw in Beijing and paying in cash, for instance, may make payments invisible, but it elevates it to a key part of the value delivered.

**The Retail and Omnichannel intersection** is one where retailers — physical and online — are challenged to *increase the use* of new technology and tools to *decrease friction* across the consumer shopping and buying experience. Innovators have to manage the trade-offs associated with implementing new digital commerce experiences and making it simple for consumers and merchants to close the payments loop.

**The Acquisition and Engagement** intersection is where innovators are *turning more data* into *fewer missed opportunities* for retailers and businesses. To navigate this intersection successfully, innovation must focus less on "bigger" data and more on smarter data, delivered in a timeframe that's relevant and in a format that is actionable. **Global and Local** is an intersection at which the ability for merchants to *do business on a global stage* — and to capture that incremental revenue opportunity — is only as good as the consumer's ability to *transact consistent with their local payment* and cultural preferences. Igniting the cross border payments and commerce opportunity means is all about eliminating that friction.

**Authentication and Identity** is a dangerous intersection at which the *need to protect cardholder data* is slowly being upended by the need to *create and secure a consumer's digital identity* across any connected device. Cybercriminals show us daily how capable they are in exploiting our weak links; innovators who wish to avoid the causalities awaiting them at this intersection must find ways to monitor, detect, and share relevant data so that losses to consumers, issuers and financial system credibility can be mitigated.

**At the intersection of Outside and Inside**, innovators have the power to turn two simple things — a *phone and a digital account* — into a *lifetime of financial opportunity* for the billions who find themselves living outside of the traditional financial services mainstream. At this intersection, today we find many traffic cops and stop signs as regulatory and economic barriers make it hard for innovators and innovations to flourish and scale.

Starting this week and over the next several, we'll hear the biggest names in payments, retail and financial services describe the Year in Payments 2015 three months in as they report earnings. We'll also get to watch how investors react to what they've heard.

So, as a preview, we thought it would be fun to share what a couple dozen or so C-suite players and innovators think about the Year of Payments 2015 so far. Innovators across payments and commerce dish on the quarter that just ended and the state of payments at the many intersections that define our landscape at least so far.

And not a one defined it as gentle, calm or cute. But all of them have some pretty sharp insights to share. Here's their view on what we've just seen, what's ahead, and how they are preparing for the rest of 2015.



## BLACKHAWK NETWORK'S

SENIOR VP OF PRODUCTS AND MARKETING, DAVID TATE

### How different are the first 3 months of 2015 from the first 3 months of 2014?

These are exciting times. Prepaid has become an even more important segment of payments in 2015 and continues to grow in the digital and physical space.

### From the perspective of your business, what's the most significant development so far this year?

Our business has evolved significantly with the launch of our new incentives division, Blackhawk Engagement Solutions. Blackhawk Network is a leader in providing unique and easily accessible prepaid and eGift products. It was natural for us to extend our solutions beyond retail with the incentives and rebates marketplace where we meet the needs of consumers, employees and business partners.

### Based on what's happened so far, if "Payments 2015" were a brand and had a tagline, what would it be and why?

The tagline would be "Digital and mobile continue to evolve, but legacy payments products remain exceedingly relevant."

To succeed, payments companies absolutely must stay a step ahead on digital innovations that will shape the future of this industry. Consumers are demanding it — and it will lead to increased efficiencies across the payments spectrum into the future.

However, it is short sighted to place all of the focus on digital. Broad spectrum consumer adoption is not yet there, and research indicates that some legacy payments systems and tools will be here to stay, even amidst the promise of new offerings.

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## BLUEFIN PAYMENT SYSTEMS'

CHIEF INNOVATION OFFICER, RUSTON MILES

### How different are the first 3 months of 2015 from the first 3 months of 2014?

In terms of card data breaches, the first 3 months of 2015 are not much different from the first 3 months of 2014. In fact, it's only getting worse. According to the Identity Theft Resource Center (ITRC) there were 783 breaches in 2014, or about 2 breaches per day. Roll forward to the first 3 months of 2015, and ITRC's status shows 225 breaches, or about 2.5 breaches per day. Cybersecurity is still a huge issue for merchants and processors to address. Merchants and processors are beginning to deploy PCI-validated point-to-point encryption (P2PE) to their card terminals to protect against malware, the No. 1 threat to POS systems.

### From the perspective of your business, what's the most significant development so far this year?

To entice merchants to adopt P2PE (point-to-point encryption) Solutions, on April 2, Visa announced that it had expanded its TIP (Technology Innovation Program) to include card present merchants that deploy a PCI-validated P2PE Solution to process at least 75 percent of their transactions.

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**(Ruston Miles Continued...)** According to the announcement, “Participation in TIP allows qualifying merchants to discontinue the annual Payment Card Industry Data Security Standard (PCI DSS) validation assessment.” The announcement clarifies that, “Qualifying solutions are those that are included on PCI SSC’s list of Validated Point-to-Point Encryption Solutions.” In March 2014, Bluefin became the first PCI-validated P2PE Solution in North America and in December 2014, Bluefin received PCI-validation for the first mobile P2PE Solution.

## Based on what’s happened so far, if “Payments 2015” were a brand and had a tagline, what would it be and why?

Payments 2015: *“Security & Mobility: To Protect and Serve”*

The two primary areas of need and innovation in the payment landscape are cybersecurity, in light of the tidal wave of breaches, and mobility, in light of consumer and merchant reliance on smartphones and tablets. Innovators that focus on one or both of these areas are sure to make waves in 2015.

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## CARDFREE'S

**CHIEF EXECUTIVE OFFICER, JON SQUIRE**

### How different are the first 3 months of 2015 from the first 3 months of 2014?

Apple Pay has dramatically increased awareness of mobile payments (though not necessarily adoption). Both merchants and consumers are more aware of mobile wallets and the idea of using your mobile to pay for goods and services is becoming mainstream.

### From the perspective of your business, what’s the most significant development so far this year?

Related to the above, consumers seem to expect the “Uberization of payments” meaning that payments should become seamless in the mobile flow. No consumer wants to think about their payment vehicle and apps like Taco Bell are taking payments out of the way.

### Based on what has happened so far, if “Payments 2015” were a brand and a tagline, what would it be and why?

Goliaths Defend Through Consolidation & Davids Prevail Through Innovation

Consolidation has allowed large incumbents to defend mobile disruption, particularly around payments, but 2015 will prove to be the year mobile commerce pioneers take center stage. Providing a single service, even at scale, is no longer enough to empower the merchants marching towards mobile. Integrated commerce services are required.

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## CASHSTAR'S

**VICE PRESIDENT OF MARKETING, GARY LOMBARDO**

### How different are the first 3 months of 2015 from the first 3 months of 2014?

Apple has made a huge impact in the consumer and merchant adoption of mobile payments. Specifically, Apple’s adoption of near field communication (NFC) technology and the subsequent rollout of Apple Pay have challenged physical payment standards such as credit, debit or gift cards and really built momentum in the mobile payments marketplace.

# THE YEAR OF PAYMENTS — 2015 — ONE QUARTER IN

**(Gary Lombardo Continued...)** This year we will see the mandated support of EMV credit cards, which will force merchants to ensure their payment terminals comply with this standard, which opens the door for NFC to become a must-support technology.

## **From the perspective of your business, what's the most significant development so far this year?**

The most significant development from CashStar's perspective has been the expansion and evolution of prepaid commerce, and specifically gift cards, into a "branded currency" – the convergence of gift cards, coupons and loyalty rewards into a single asset that retailers can use to influence purchase decisions, drives consumer engagement and builds customer loyalty while generating incremental online and in-store sales. Retailers and merchants can leverage branded currency to enhance their marketing and promotions efforts in innovative and creative ways not possible with traditional plastic cards, giving themselves a competitive advantage.

## **Based on what's happened so far, if "Payments 2015" were a brand and had a tagline, what would it be and why?**

"There's always next year." In this particular space, we are always finding ourselves asking if this is the year mobile payments takes off, or is this particular product or innovation going to fuel widespread adoption of mobile wallets. The frenzy around mobile payments continues, and will continue to accelerate for the rest of the year but we still have a long way to go before the frictionless, high-quality experience consumers expect is the standard. We have at least 18-24 months before the seamless experience emerges and encourages a more widespread adoption of mobile payments.

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## **CAYAN'S**

### **CHIEF EXECUTIVE OFFICER, HENRY HELGESON**

## **How different are the first 3 months of 2015 from the first 3 months of 2014?**

In the first quarter of 2014 it was unclear if NFC would gain consumer popularity, but since the launch of Apple Pay in October 2015, mobile payments have become a top priority in the industry. New alternative payment players continue to enter the market, with even Facebook and Snapchat getting in on the action, and now, consumers have far more options for mobile payment services. Security has also come under the spotlight. When 2014 began, Target's breach had already occurred, but since then, breaches at Staples, Home Depot, Chase and others have heightened awareness of the need for secure credit transactions and the importance of the October 2015 transition to EMV.

## **From the perspective of your business, what's the most significant development so far this year?**

A large part of this year is getting our customers EMV-ready. Something that we all learned in 2014 is that everyone in the chain plays a major role in securing payment information. Merchants are coming to Cayan right now because they need EMV solutions and are feeling the pressure of the rapidly approaching EMV liability shift. It's Cayan's focus not only to educate merchants about the liability shift, but to also be a resource for them as they become EMV-ready.

## **Based on what has happened so far, if "Payments 2015" were a brand and a tagline, what would it be and why?**

From Payments to Personalization: Building a Connected Customer Experience

With mobile payments in the spotlight, retailers are becoming more aware of the powerful marketing opportunity that mobile adoption enables. When customers pay with their phone, they open the doors for retailers to offer customized loyalty programs, targeted mobile ads, and various discount offers. This brings a key opportunity for companies to meet customers with experiences tailored to how, when and where they shop.



## CREDITCALL'S CTO, JEREMY GUMBLEY

### How different are the first 3 months of 2015 from the first 3 months of 2014?

Night and day! That's the difference with the beginning of this year compared to last when it comes to secure payment technologies and education. In early 2014, few could articulate the differences in merit between a chip card and a mag-strip card, let alone knew what the EMV Liability Shift was about. Then the Target data breach happened, solidifying 2014 as the "Year of Data Breaches," and lit a proverbial fire under the industry's feet. Now with the U.S. payment landscape on high alert, we've entered 2015 as the "Year of EMV" with a healthy sense of urgency to upgrade and embrace more secure payment solutions and methodologies. We have witnessed an uptick for brand certification and growing awareness around the "Holy Trinity of Payments Security" — inclusive of EMV, tokenization and P2PE.

### From the perspective of your business, what's the most significant development so far this year?

In Creditcall's experience working with all members of the payments ecosystem, including ISVs and VARs, processors, manufacturers and merchants, the most significant development in the payments landscape this year is the shift from focusing on EMV alone. Now, there is a greater understanding and embrace of a more comprehensive standard for secure payment transactions — inclusive of EMV, Tokenization and P2PE — and with many upgrading to P2PE as the first step. Brands not only want to be EMV-compliant ahead of the October 2015 Liability Shift, but are ready to embrace new payment methods in the future in the most secure way possible. Contributing to this widespread education and adoption is proliferation of EMV-enabled chip cards in the U.S. As the Smart Card Alliance reported earlier this year, 120 million Americans have already received a chip card, and by the end of 2015, 47 percent of merchants will be ready to accept chip cards, and the majority of consumers want a chip card immediately.

### Based on what's happened so far, if "Payments 2015" were a brand and had a tagline, what would it be and why?

Consider 2014 as "Breachgate". In the industry, it's known as the "Year of Data Breach," warranted by 162 million compromised cards, which is 13.5 percent of all U.S. cards affected, resulting in card fraud costs totaling over \$7 billion in losses [Sources: Javelin Strategy & Research; Nilson Report]. However, post Liability Shift card, not present fraud costs are projected to more than double by 2018. While 2015 may be known within the payments world as the "Year of EMV" — consider this year as the "Payments Trinity" with a tagline of: 2015 — The Year of the EMV Marathon: a Sprint to the Finish and Toast to the Holy Trinity of Secure Payments.

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## DATACAP SYSTEMS' CHIEF EXECUTIVE OFFICER, TERRY ZEIGLER

### How different are the first 3 months of 2015 from the first 3 months of 2014?

For Datacap, it's been "all EMV, and nothing but EMV" in 2015. Though the EMV liability shift has been known for a couple years, processors have not been ready with their integrated EMV specs until quite recently, and ISVs and dealers have been pressing us hard for EMV solutions so they can do their EMV upgrades timely. So in addition to heavy EMV-specific development, we have been spending a lot of time communicating our EMV development progress and the realities of the transition to our ISVs and dealers.

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## From the perspective of your business, what's the most significant development so far this year?

Though EMV is front and center in terms of mind share due to the liability shift as dictated by the card brands, we are starting to see significant requests from the merchant and systems developer communities for tokenization and encryption technologies. We believe this is the result of the industry starting to internalize the realities of what they get and don't get with an investment in pure EMV upgrades and that tokenization and encryption may be more important for robust card security than EMV. The result is more focus on how all three elements tie together as a robust security solution.

## Based on what has happened so far, if "Payments 2015" were a brand and a tagline, what would it be and why?

"Payments Security Essentials"

We think that the EMV liability shift has made it clear that card security has to be the No. 1 focus for merchants and their systems developers, but that the expected expense of EMV has also ignited the debate about what constitutes a robust security solution that solves a much larger piece of the problem than just fraudulent card use at the point-of-sale. Whereas total payment security issues previously took a backseat to new POS functionality, now there is clear focus on making sure that whatever upgrade occurs, it is a meaningful implementation of the essential elements of a secure transaction environment.



## DIGITAL RIVER'S

SENIOR VP AND GM, SOUHEIL BADRAN

## How different are the first 3 months of 2015 from the first 3 months of 2014?

Consumer preference is at the center of three main themes that are setting the stage for 2015: EMV, mobile and marketing analytics. At the same time that U.S. organizations are assessing their readiness for EMV, they are being challenged to put more emphasis on mobile payments and data-driven decision making in cross-border commerce. Together these drivers are bringing techy obscurity – think virtual wallet and wearables – into daily prominence and a completely personalized and secure experience.

## From the perspective of your business, what's the most significant development so far this year?

With the increased growth in mobile and alternative payments, we have focused on our APIs to simplify the integration into mobile devices and wearables and support global expansion through the addition of emerging payment methods. Providing the right mix of payment types for global consumers is crucial to helping merchants quickly adapt to shifting consumer preferences and ultimately convert shoppers into buyers.

## Based on what's happened so far, if "Payments 2015" were a brand and had a tagline, what would it be and why?

"Payments: The Latest Fashion and Lifestyle Statement"

Payments have moved outside a narrowly defined business scope and conversation to make a fashion and lifestyle statement of its own. With the growing popularity of payment-enabled wearables and the ability to pay where, when and how you want, payments are becoming a seamless part of everyday life.



## EXPERIAN'S

### VP OF FRAUD AND IDENTITY, KEIR BREITENFELD

#### How different are the first 3 months of 2015 from the first 3 months of 2014?

Mobile payments have arrived in 2015. The number of payment options is abundant and so are the increased mobile fraud exposures, confirmed losses, and customer experience challenges among card issuers. As we saw with Apple Pay – within 6 months of launch, fraud had manifested itself as the result of established credit and debit cards that were compromised through data breaches or other means, and were being enrolled into Apple Pay accounts. Card issuers could only authenticate the cardholder, but not the provisioning device leaving them with little control over process and exposing themselves to losses.

Other mobile payment options were also affected by identity theft or poor authentication measures resulting in reputational damage to brands that can be difficult to overcome. Fraud exposure rose in call center and online existing customer treatment channels due to identity theft and account takeover based on breached identity data and the use of counterfeit or breached card data. Call center authentication process inadequacies were often driven by customer experience pressures causing human error or subjectively lax due diligence. Lastly, existing customer and account authentication practices were not tuned (or easily altered) to this emerging scheme and the level of risk associated with current customers.

#### From the perspective of your business, what's the most significant development so far this year?

Mobile devices are quickly becoming a proxy for a traditional identity. The ability to tie a “true” identity to a mobile device will be of paramount importance for businesses and the payment providers to thrive. Such association of traditional identities rooted in personally identifiable information (name, address, SSN, date-of-birth, phone number) and unique devices must occur not only at the customer acquisition phase of the lifecycle, but throughout the entire customer relationship to ensure that changes to risk profiles for both identities and devices are exposed and acted upon in near real-time.

Devices are acting as both a customer credential and a multi-factor authentication channel enabling capabilities such as location, device recognition and risk assessment for enhanced authentication, and are becoming a primary mechanism for registering and presenting biometrics, e.g. fingerprint and voice to authenticate as well. Consumers expect passive authentication methods in place of more knowledge-based methods. The acceptance and adoption of fingerprint technology in smartphones and passive voice recognition technology in call centers are good examples.

#### Based on what's happened so far, if “Payments 2015” were a brand and had a tagline, what would it be and why?

Data is good. I say this because the way to combat fraud to enable an emerging industry, like mobile payments, to grow is to keep the customer experience as frictionless as possible. Data enhances that customer experience by allowing businesses to leverage new and emerging data assets to improve positive authentication rates and further segment out true fraud risk from false positive risk. As identity data becomes more accessible by fraudsters, only sophisticated analytics derived from both device and identity attributes will truly isolate fraud risk.

Today, information about identity and devices is more disparate than ever and you need the capabilities of big data and analytics together to harness the information together to better combat fraud and validate identities. Consumers will see the benefit of that approach enabling broader adoption.



## FIS'

### NORTH AMERICA RETAIL PAYMENTS' EXECUTIVE VP, BRUCE LOWTHERS

#### How different are the first 3 months of 2015 from the first 3 months of 2014?

The main difference is the overall growing acceptance of innovation across the market. Since 2014 we have seen major engagement from our clients in the areas of EMV strategies and Tokenization as a result of highly publicized breaches – consumers are more in tune about protection of their card data and intrigued by new mobile payments technologies. We have also seen more strategic focus from financial institutions regarding the digital channel and engaging in adoption based plans for those solutions to increase engagement and retention.

#### From the perspective of your business, what's the most significant development so far this year?

I don't know that one single development has taken a front seat to any other in 2015. The pace of change certainly still seems to be the key factor that drives market chatter. That and the acquisitions and investments we have seen with key players financial and non-financial providers.

#### Based on what's happened so far, if "Payments 2015" were a brand and had a tagline, what would it be and why?

For me, this is the year of necessary distraction and necessary action. The distractions are those things that have to be done to remain relevant (EMV, Tokenization, Digital) and the action is engagement in organic growth and innovation.

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## FISERV'S

### SENIOR VP NETWORK SOLUTIONS, CARD SERVICES, DAVID KEENAN

#### How different are the first 3 months of 2015 from the first 3 months of 2014?

In the first three months of 2014, the industry was responding to wide-ranging implications from a handful of large data breaches, with a focus on necessary tasks such as re-issuing consumer cards. The first three months of 2015 have been about supporting consumer-facing innovation like Apple Pay, Samsung Pay, and EMV. This innovation is enhancing the payments experience and increasing the safety of payments.

#### From the perspective of your business, what's the most significant development so far this year?

Two developments have particular significance for networks and processors. One is the EMV liability shift slated for October. There is still a long way to go on the road to mainstream acceptance of EMV by this fall. The other is the impact that non-traditional payments players such as Apple, Samsung and Google are having in defining the battleground of mobile-based payments.

#### Based on what's happened so far, if "Payments 2015" were a brand and had a tagline, what would it be and why?

I like a term we use at Fiserv to describe what's going on in payments today. It's "What's Next, Now" which captures how quickly new capabilities, services and products are being evaluated, designed, and brought to market.



## GEMALTO'S

**EVP OF MARKETING, PAUL BEVERLY**

### How different are the first 3 months of 2015 from the first 3 months of 2014?

The most apparent difference to us is where the conversation and actual progress stands surrounding EMV. Last year the industry had many high-profile breaches and security became a massive priority. With the deadline now less than six months off, cardholders are enthusiastically getting their EMV chip cards in the mail and are beginning to experience the new way to pay. Other differences we see are – NFC is the leading choice for mobile payments and the secure element is recognized as offering superior security. Both points were still being debated 12 months ago.

### From the perspective of your business, what's the most significant development so far this year?

Following right on the heels of this much-needed EMV upgrade, we've seen tokenization emerge as a sort of security standard for all types of mobile and online payments. We are seeing a lot of interest from banks, mobile network operators, service providers and enterprises wanting to include tokenization with either NFC mobile payments via secure elements, HCE or other mobile money applications. EMV coupled with tokenization is becoming key to deploying and securing payments over any type of device, technology or channel (mobile and online).

### Based on what's happened so far, if "Payments 2015" were a brand and had a tagline, what would it be and why?

"Can't skip the chip."

This is the big year for EMV, and banks and retailers not already on the path to making the migration will want to start now. EMV in both contact and contactless flavors is an integral factor in remaining competitive in the eyes of consumers who are increasingly aware of the benefits and ramifications of these new security measures, as well as being sure you're not stuck holding the bag if fraud occurs. And BTW, more and more countries are issuing dual-interface contact/contactless cards, the U.S. should too.

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## HYPERWALLET'S

**PRESIDENT AND CHIEF COMMERCIAL OFFICER, PETER BURRIDGE**

### How different are the first 3 months of 2015 from the first 3 months of 2014?

This might be a San Francisco biased view, but the one thing I have observed this year compared to last, is the number of new-economy marketplace businesses and the emergence of a global independent workforce, or what has come to be known as the "1099 economy." While much of the focus remains on creating more frictionless, even "invisible," payment experiences for consumers, there is an increasing shift toward delivering faster, more dependable, and more cost-effective ways to pay workers.

As this sector becomes increasingly competitive with new players arriving almost daily, the battle to recruit and retain the most productive workforce – whether they be drivers, couriers, or freelancers – directly hinges on how seamlessly and reliably those workers can be paid. Those who can assure every worker that he will be paid with zero friction, and allow those individuals to focus on earning rather than getting paid, appear to be best positioned to emerge as winners in this game-changing sector. It's going to be a fascinating year.

# THE YEAR OF PAYMENTS — 2015 — ONE QUARTER IN

## From the perspective of your business, what's the most significant development so far this year?

From our perspective, where payment speed is key, we are closely watching the progress of the NACHA 'Same Day ACH' initiative. The USA is somewhat late to the 'real-time' party, so we applaud the suggestion of an additional two Same Day ACH clearing and settlement windows (midday and end of day). It can't come soon enough.

## Based on what's happened so far, if "Payments 2015" were a brand and had a tagline, what would it be and why?

If Payments 2015 were a brand, its brand identity would be all about unimpeded options and immediacy, and the move to 'invisible' payments. Its tagline would be 'Payments like you've never seen them.'

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## LUCOVA'S

CHIEF EXECUTIVE OFFICER, AMIT JHAS

## How different are the first 3 months of 2015 from the first 3 months of 2014?

Q1 of 2014 was really about testing our solution with live customers and collecting feedback from them, with a laser focus on perfecting our platform. This quarter, we've applied some of our findings along the way to realize our long-term vision to be a white label CRM solution for enhancing the in-store customer experience in a holistic manner, which goes beyond payments.

## From the perspective of your business, what's the most significant development so far this year?

A fundamental belief of ours is that our clients are looking for more than just mobile payments. It is about a seamless platform that connects their mobile app with the features needed to engage their loyal customer base, that can translate into an effective mobile marketing campaign tool. The latter is the crux of our learning and we are excited to have launched this with one of our large clients, who is a dominant player in the food service industry. We believe this approach will lead to a lift in basket size and frequency of visits, as we have witnessed in earlier data coming in.

## Based on what's happened so far, if "Payments 2015" were a brand and had a tagline, what would it be and why?

It would be along the lines of our company's tagline, 'Humanizing Commerce.' There is increasing evidence that payment solutions providers will need to think beyond payments and provide tools which integrate essential commerce experiences such as loyalty and rewards, relationship building and personalized service.

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## MAHINDRA COMVIVA'S

SR VP, HEAD OF MOBILE FINANCIAL SOLUTIONS, SRINIVAS NIDUGONDI

## How different are the first 3 months of 2015 from the first 3 months of 2014?

2014 began with a lot of anticipation and speculation around mobile payments while 2015 has been action packed. While we were holding our breath for Apple Pay & HCE to be launched, we already have Facebook payments through Messenger, Samsung Pay and Windows support for HCE being announced, amongst others. Consolidation through acquisition is also rampant in Q1 with Google buying out Softcard technology, Samsung acquiring LoopPay and PayPal buying out Paydiant. Mobile payments is catching everyone's imagination with commercial launches and for the first time the discussion is about the "success stories" rather than "Will mobile payments become mainstream?"

# THE YEAR OF PAYMENTS — 2015 — ONE QUARTER IN

## From the perspective of your business, what's the most significant development so far this year?

Samsung Pay and Microsoft support for HCE will definitely tilt the scales towards mass adoption of mobile contactless payments. We now have the three leading mobile OS and the two leading OEMs all designed for mobile payments. Service providers will be able to target a larger audience now and have more options to offer HCE.

## Based on what's happened so far, if "Payments 2015" were a brand and had a tagline, what would it be and why?

Payments 2015 – It's here to stay

Today, service providers have pragmatic and well-planned strategy for mobile payments. They are addressing concerns related to security, data privacy, acceptance network and user experience. Consumers also have higher awareness about mobile payments. All these indicate that mobile payments are here to stay and will go a long way.



## NVOICEPAY'S

CHIEF EXECUTIVE OFFICER, KARLA FRIEDE

## How different are the first 3 months of 2015 from the first 3 months of 2014?

From a company perspective, in the first 3 months of 2015 we've doubled everything from the first 3 months of 2014. Twice the customers, twice the number of partners, twice the number of suppliers, twice the number of employees, and 3X the payment volume. In short, the growth has been tremendous.

## From the perspective of your business, what's the most significant development so far this year?

We've been delivering payment solutions for 6 years, so maybe this is a natural evolution of doing something more and learning more, but we now deliver our solution faster and make it easier to start using than ever before. We have had the fastest customer activation in our 6 years. An enterprise customer was up and running making 100 percent of their payments electronically in 14 days.

## Based on what's happened so far, if "Payments 2015" were a brand and had a tagline, what would it be and why?

The tagline would be "Immediate and significant bottom line results" because of the power and ability electronic payments have to benefit an organization's bottom line.



## RBC'S

EXECUTIVE VP, DIGITAL, PAYMENTS AND CARDS, LINDA MANTIA

## How different are the first 3 months of 2015 from the first 3 months of 2014?

Commerce is rapidly evolving with the overabundance of "payment apps"; Apple's entry into the industry and eCommerce as we know it today are in danger of extinction. Consumers shop across multiple channels with different payment tools and year-over-year, the gap among these channels is closing. As consumer use of their mobile devices for commerce-related activities continues to grow, there will be a convergence of the retailer-based mobile and online commerce.

# THE YEAR OF PAYMENTS — 2015 — ONE QUARTER IN

**(Linda Mantia Continued...)** We will see the merchants' point-of-sale changing in many ways to reflect eCommerce – blurring the lines between digital and virtual. We are already seeing the focus shift from the mobile “payment” wallet to focus on enabling the consumer to have a single-stream solution that allows them to not only pay for their goods and services but also have access to many other value-added solutions.

## **From the perspective of your business, what's the most significant development so far this year?**

In late December, we announced the addition of Host Card Emulation (HCE) leveraging our patent pending RBC Secure Cloud to drive three-factor authentication. With the addition of HCE to the RBC Mobile app, this enables Canadians to pay with most Android mobile phones with less reliance on the type of mobile phone, SIM card and carrier they use. RBC is the first North American financial institution to develop an HCE payment solution, providing clients with more choice in how they pay.

This in combination with Apple's entry into the market now widens mobile to the majority, if not all consumers, and both support credit and debit card purchases. This is shifting the industry with the elimination of the telco, tightening payment security and delivering a better client experience than previously possible.

## **Based on what's happened so far, if “Payments 2015” were a brand and had a tagline, what would it be and why?**

“Innovation is paramount – mobile payments is the way of the future”

Mobile is the next significant technological innovation to impact payments since the ATM or Internet. Like those two did, it will change the way consumers think about commerce, and innovation is key to shaping and driving the direction of the customer experience.



## **SIMPLYTAPP'S**

### **HEAD OF PRODUCT DEVELOPMENT, AYMAN HAMMAD**

## **How different are the first 3 months of 2015 from the first 3 months of 2014?**

In early 2014, the market was waiting in anticipation to see if the payment infrastructure would actually be available to support contactless mobile payments and if Apple would enter the market. So far, in 2015, the marketplace is evolving rapidly, fueled by the early success of Apple Pay.

Samsung and Google have responded very quickly with their own offerings and several open HCE solutions are available for the Android platform. Even Microsoft has thrown its hat into the ring. Willing banks, seeking to innovate and enhance their customer experience, have several key technologies available to help them achieve their mobile business goals.

## **From the perspective of your business, what's the most significant development so far this year?**

Two parts, the keen interest of the card issuer to fill the gap for the Android consumer by providing a compelling solution similar to ApplePay combined with the safety and security of using tokenization technology.

## **Based on what has happened so far, if “Payments 2015” were a brand and a tagline, what would it be and why?**

“Bye-Bye Static Payment Credentials, Welcome To The New World of Dynamic Data.”



## SYNCHRY FINANCIAL'S

**CHIEF INFORMATION OFFICER, CAROL JUEL**

### How different are the first 3 months of 2015 from the first 3 months of 2014?

So far in 2015, the industry sees mobile payments going mainstream with acceptance and adoption growing. Key technology components of mobile payments previously only discussed in security and technology circles – tokenization, Near Field Communication (NFC), and Point-to-Point Encryption (P2PE) – are now part of the ongoing dialogue. The broader understanding of these technologies will help to accelerate the move to mobile payments.

### From the perspective of your business, what's the most significant development so far this year?

The rapid pace of consolidation and convergence in the mobile wallet space. Recent large acquisitions, including Samsung acquiring LoopPay, Google acquiring Softcard, and PayPal acquiring Paydiant, will drive differentiation between players. Consumers will become more aware of these new technologies and choose which mobile wallet(s) they want to embrace.

### Based on what's happened so far, if "Payments 2015" were a brand and had a tagline, what would it be and why?

Payments are exciting again! Mobile payments leverage the traditional payments infrastructure, but also harness innovative technologies to provide a simplified customer experience, additional security, and NFC functionality.

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## TIPALTI'S

**CO-FOUNDER AND CEO, CHEN AMIT**

### How different are the first 3 months of 2015 from the first 3 months of 2014?

It's a very different world. Looking at not only our transaction and customer growth but also the types and sizes of brands who are coming to us with interest, there seems to be a dramatic shift in companies' readiness and sense of urgency to transform their global payment operations. There seems to be a substantial change in the recognition that streamlining the payout processes is critical, especially with partner-driven companies such as networks, online marketplaces, crowdsourcing, eCommerce, and technology companies. In our customer portfolio, there has also been an increase in international payments made as well as a broadening use of varying payment methods (beyond wire and ACH).

### From the perspective of your business, what's the most significant development so far this year?

We are definitely seeing an increasing diversity in the types of companies we are serving across size and industry, which we think reflects the growing maturity of the B2B payments market. Secondly, we are helping more of our customers manage the risk related to their global payment processes, across tax, regulatory, and fraud as concerns and challenges in these three areas have increased as government regulations are ever-increasing and changing and fraud has hit a high-water mark. Finally, customers are now using Tipalti not only for B2B partner payments but for all their accounts payable processes, so we've been serving that need while identifying additional ways to add additional value to their organizations.

# THE YEAR OF PAYMENTS — 2015 — ONE QUARTER IN

**Based on what's happened so far, if "Payments 2015" were a brand and had a tagline, what would it be and why?**

"Validate Every Payment." With the very recent \$7.7M settlement between PayPal and the U.S. Treasury for violating OFAC rules on paying sanctioned companies and individuals, it's become very clear that companies (and not just banks) will be subject to future government investigations. It makes economic sense to validate payees, but it's also the law.

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## USA TECHNOLOGIES'

**SENIOR VP MARKETING, MAEVE MCKENNA DUSKA**

**How different are the first 3 months of 2015 from the first 3 months of 2014?**

One of the biggest differences from the first three months of 2014, in comparison to this year, is definitely Apple Pay. Although NFC and mobile payments have been around a few years, merchants and consumers have been slow to adopt. Apple Pay is changing the way that merchants and consumers alike interact with payments – from purchasing your snacks aboard JetBlue, to buying a soda from your office vending machine. The ubiquity of mobile phones (and the coming of smartwatches) will only proliferate cashless and mobile payments.

**From the perspective of your business, what's the most significant development so far this year?**

This is the year of mobile-payments. Cashless options are moving from a nice-to-have to a need-to-have, and mobile payment options are a short leap in minds of merchants and consumers. We have found that mobile payment transactions, on average, have a ticket value that's 15 percent greater than a typical credit or debit transaction, increasing average spend by 45 percent over average cash spend – something merchants find compelling and exciting. In that vein, Apple Pay is having a significant impact on cashless payments – USA Technologies announced support for Apple Pay earlier this year, adding approximately 200,000 Apple Pay acceptance points in the self-serve, retail industry, and we also had a relationship with Softcard – recently acquired by Google. The impact of integrating with this type of technology is just starting to be evident.

**Based on what's happened so far, if "Payments 2015" were a brand and had a tagline, what would it be and why?**

Leave your wallet at home, just bring your phone.

