

# Connecting with customers through innovation

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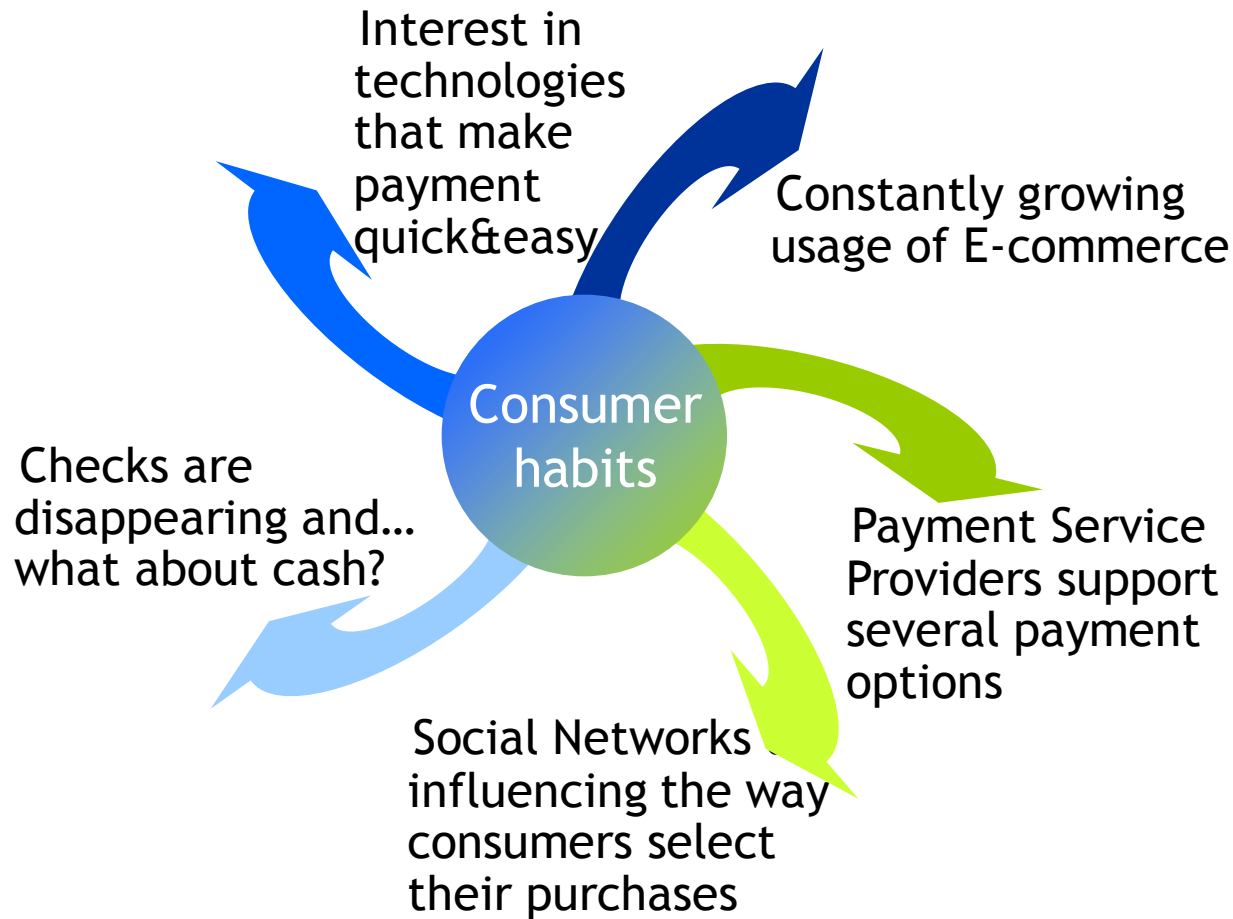


# Agenda

- A new consumer is emerging
- The innovation chain
- Few words about SiNSYS
- Innovative product propositions
- Conclusion

# A new consumer is emerging

There is always a way to pay...



# A new consumer is emerging

## Payments market is reshaping

### **SEPA and PSD: new competitive scenario**

- Standardization and regulations
- Investments on compliance became priority
- Innovation is encouraged
- Transparency for consumers and corporates is the flag

### **New Country Schema emerging**

- China, India, Russia...

### **PCI : focus on data security**

- Drives new investments
- Fights frauds

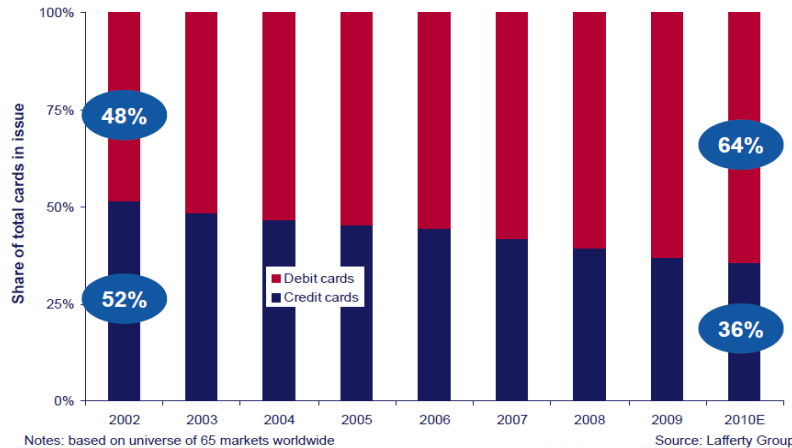


### **A period of economic decline**

- Radical, forced transformation of several Financial Institutions
- Attention to costs
- Focused investments
- Is it over?

# A new consumer is emerging

## Payment cards usage: observed trends



- Debit cards were preferred to credit
- Usage of cards maintained a **positive trend**
- Decrease was on billed volumes, due to **lower average ticket**

- Consumers are more “**spending conscious**”
- **Priorities** have changed (essentials first, savings second, ‘non-essentials’ reduced)
- **Lower prices** have always high influence over people
- **Consumers** want the freedom to choose the payment tool

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# The Innovation chain

From Consumer to issuers/acquirers and processor perspective



- Control
  - Debit / Prepaid
- Versatility
  - Multifunction
- Ease of use / Speed
  - Technologies
- Safe usage on Internet
  - Risk management
- Flexibility services
  - Value-added services
- Transparency
  - Clear easy-to-access statement/reporting

*New products delivery capability*  
*State of the art platform*  
*Stability and reliability*  
*Wide value chain*  
*Adequate pricing*  
*Compliance*  
*Fraud and risk management*

Focus today is on CARD PRODUCTS INNOVATION

# The Innovation chain

## The focus for Card Processors

### Innovation in card products

Debit / Prepaid /Credit

Multifunction

Technologies

Value-added services

Risk management



Prepaid, gift, prepaid with overdraft, bridge, virtual, light checking account

Simply one or combo, flexible behaviour, corporate plus individual

Contactless, Mobile

SMS Alert, PIN over SMS, web-services, PIN Change

Fraud Management

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# Few words on SiNSYS

## Company overview

- First consolidating initiative in the European card payment processing sector
- Supporting Issuing and Acquiring processing
- Empowered by 2 main players in Europe as shareholders



- 30 years of experience
- 4,200 employees
- presence in 7 European countries
- A leading position in Payment services and CRM & e-services

49%



- 25 years of experience
- 2,000 employees
- presence in 12 European countries
- A leading position in card processing and Application Centre for inter-banking payments

51%

### *Main Figures*

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**30 million cards**

**700 thousands merchants**

**more than 1 billion transactions**

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# Few words on SiNSYS

## Presence in the European market

A map of Europe is shown, with various countries highlighted in orange and blue. The orange areas represent the primary market presence of SiNSYS, while blue areas represent other banks. The map is surrounded by logos of various banks and financial institutions. A large orange arrow curves from the bottom right towards the center of the map.

**Logos and Brands:**

- UniCredit Consumer Financing
- ING
- CartaSi
- KBC
- BANK PEKAO SA
- UniCredit Clarima Banca Deutschland
- sia ssb
- BNL Gruppo BNP PARIBAS
- AXA PROTECTION FINANCIERE
- DEXIA
- AMERICAN EXPRESS
- FORTIS
- banksys
- CREDEM
- CSOB
- JCB Online Service Counter
- K&H
- BCC BANK CARD COMPANY
- KB Kredyt Bank
- UniCredit Bank Ukraine
- PayLife
- SiNSYS
- VOLKSBANK MAGYARORSZÁG

**Map Labels (Countries):**

- Iceland
- Norway
- Sweden
- Finland
- Estonia
- Latvia
- Russia
- Lithuania
- Belarus
- Denmark
- Ireland
- United Kingdom
- Netherlands
- Poland
- Belgium
- Czech Rep.
- Ukraine
- France
- Switzerland
- Austria
- Slovakia
- Hungary
- Moldova
- Portugal
- Spain
- Italy
- Slovenia
- Croatia
- Romania
- Bosnia
- Montenegro
- Bulgaria
- Albania
- Macedonia
- Greece

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# Innovative product propositions

## Prepaid cards

### *Benefits for the customer*

- Product interested for unbanked people
- Control of spending
- Secure for e-commerce
- Easy to load and reload
- The ideal travelling companion



Uneven level of success depending on the country

Open loop pre-paid forecast still very high

### *Benefits for the issuer*

- Reach new markets
- Low risk product
- Support of social programs (Government)
- Money transfer for remittances
- Different distribution channels

# Innovative product propositions

## Prepaid: Gift cards

A gift card is a specific prepaid, normally anonymous and not rechargeable



### *Benefits for the customer*

- Distribution channel: retailers, internet
- Request card balance by phone, online, at vendor machines or at information desks
- Coupled with SMS service (balance after transaction)

### *Benefits for the issuer*

- Simplify the payment process with retailers
- Give access to wide range of branded gift cards
- Generate new sales

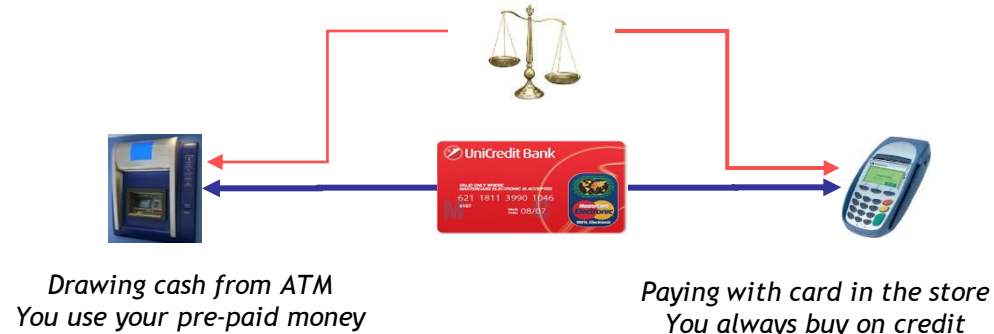
# Innovative product propositions

## Prepaid: Bridge cards

Step 1: card released as a normal prepaid

Step 2 (optional): the card profile is upgraded to credit (purchase)

ATM withdrawal remains on prepaid



### *Benefits for the customer*

- Better control of expenses
- Single PIN to remember
- More freedom in spending behaviour
- Convenience of 2-in-1

### *Benefits for the issuer*

- Product can evolve with cardholder risk profile
- Less risky compared to a standard revolving card
- Offering an added value

# Innovative product propositions

## Prepaid: Virtual cards

A normal prepaid card is coupled with a virtual card for Internet usage

The virtual card is purely a PAN, with no physical support



### *Benefits for the customer*

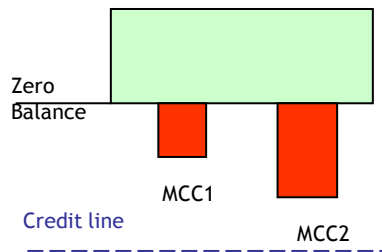
- All the advantages of pre-paid cards
- Payment product to be used over the internet
- Low cost

### *Benefits for the issuer*

- Create loyal relationship with the cardholder
- Safe
- Reduces card personalization cost

# Innovative product propositions

## Prepaid: prepaid cards with overdraft



### ***Benefits for the customer***

- All the advantages of prepaid cards
- The overdraft option applicable for selected MCC
- Line of credit applies in case of insufficient prepaid funds

### ***Benefits for the issuer***

- Create a loyal relationship between the issuer and the cardholder (for unbanked)
- Product can evolve with cardholder risk profile
- Additional revenues from the overdraft feature

**It's a prepaid card with a credit line**  
**At any time the card can eventually swap to a credit card**

# Innovative product propositions

## Debit: Light Checking account cards

### *Benefits for the customer*

- Less expensive than a checking account
- Simplified bank account required
- Easy recharge
- Only some operations subject to fee

**It's a card with minimal bank account features: credit transfer, direct debit**

### *Benefits for the issuer*

- Entry proposition for unbanked people
- Develop brand awareness and increase customer loyalty
- Ideal way to aggregate financial and non financial services
- Revenues from fees



# Innovative product propositions

## Multifunctional cards

### “Simply one” or “Combo”

- A debit and credit card at the same time
- Two numbers and two CVVs
- Secondary application details printed on the back



### “Flexible behavior” credit card

- Revolving and charge card at the same time
- Flexible behavior: charge or revolving option configured according to the different balance components

### “Corporate PLUS Individual” card

- Can be credit or debit
- The second application can have deferred activation
- Share loyalty programs

# Innovative product propositions

## Contactless cards/stickers/watches

### The Cardholder

- Speeds up payments
- Carries less cash
- Controls expenses
- No waiting, no signing, no queuing
- ....it's cool!

### The Merchant

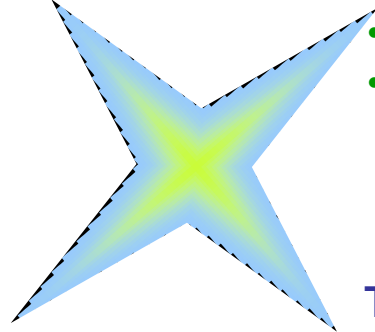
- Increases volume of transactions
- Lower cost to handle low amounts purchases
- More control on revenues
- Less cash around
- More efficiency
- More opportunities for loyalty programs

### The Acquirers

- Increase throughput on Merchants
- Attract new Merchants
- “clusters” of Merchants accepting c-less and sharing loyalty programs

### The Issuers

- Increase volumes
- Choose to offer online/offline authorization
- New categories of merchants accepting cards
- Card transaction replacing cash
- Build business partnership with Acquirers or groups of Merchants



# Innovative product propositions

## Services on Mobile

### SMS Push

- Authorization SMS alert
- SMS information about automatic payments
- Lost / stolen card block SMS alert
- SMS information about credit transactions
- SMS information about unmatched debit transactions



### SMS Pull

- Open to buy request
- Last “ $n$ ” transactions
- Subscription to SMS services
- Card activation

### PIN delivery over SMS

- PIN sent at issue, re-issue, or card replacement
- Replace standard PIN mailer or is offered as an option
- PIN delivered according to the Network security requirements

# Innovative product propositions

## Mobile Payments

### Mobile banking applications

- Integration of services related to cards (prepaid load, card-to-card transfer, etc.)

### Mobile Money Transfer

- Moving money Person-to-person (remittances, payment of benefits)

### Mobile remote payment

- Purchase digital /physical goods or services from distance (parking tickets, movie tickets, etc.)

### Mobile proximity payment

- Exploit NFC capabilities to support speed and conveniency of payments



# Innovative product propositions

## Fighting frauds

Fraud Management is a priority in SiNSYS. We support issuers and acquirers with several service options:

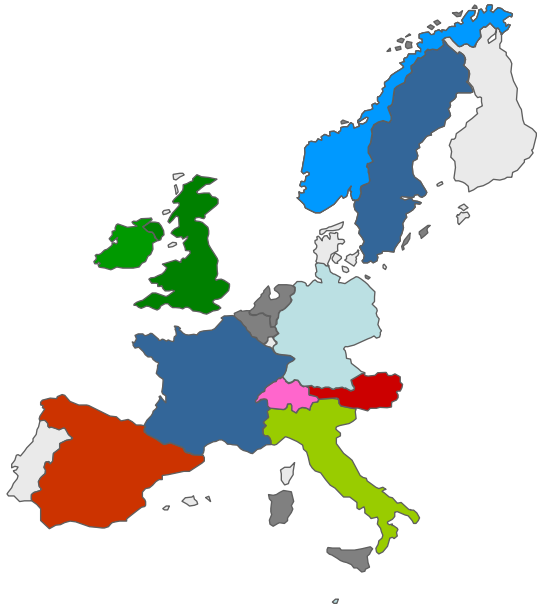
- Integration of FICO Falcon system to the issuing platform
- 3D secure
- Additional service to detect the possible compromised points of sales: Common Point of Purchase
- Additional service to monitor authorization requests to detect possible BIN attacks
- Card activation via SMS
- PIN over SMS
- Prepaid virtual cards for CNP transactions



# Agenda

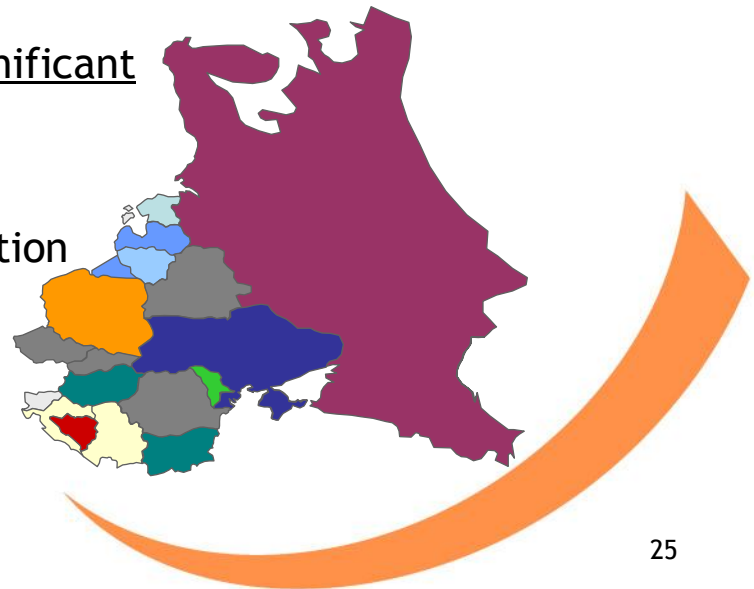
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# There are significant differences between “old” and “new” Europe markets

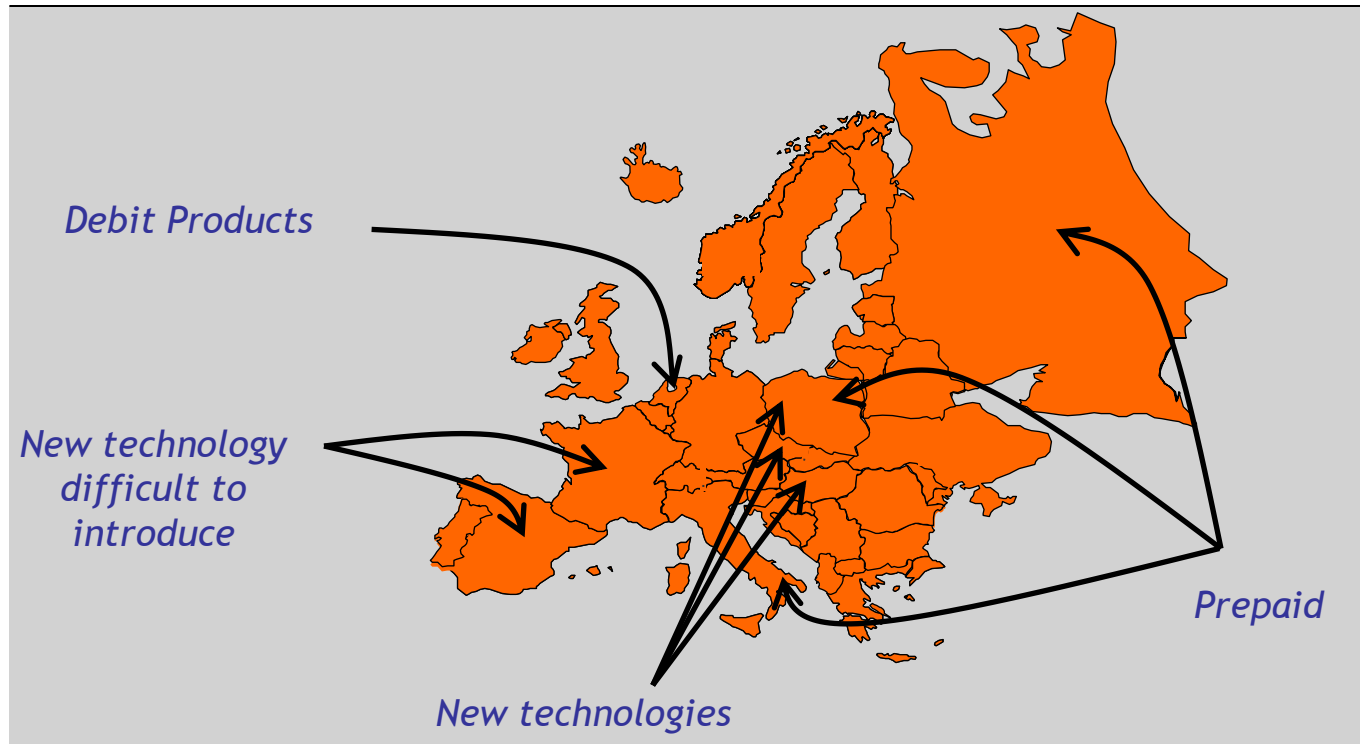


- Electronic payments grow rate positive
- Well developed payments infrastructure
- Excellent penetration of financial products
- Fast consolidation of players

- Electronic payments growth rate becoming significant
- Predominance of cash
- Cards acceptance growing
- Channels, i.e. internet/mobile/..., and innovation adoption on fast-track
- Unbanked population (some countries)
- Slow consolidation of players



Innovation is not only a matter of innovative product, but also...



“ TO HAVE THE RIGHT PRODUCT, AT THE RIGHT PLACE, AT THE RIGHT TIME ”

*Thanks for your attention!*



Leading European Payment Card Services

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