

The future of payments

A European perspective

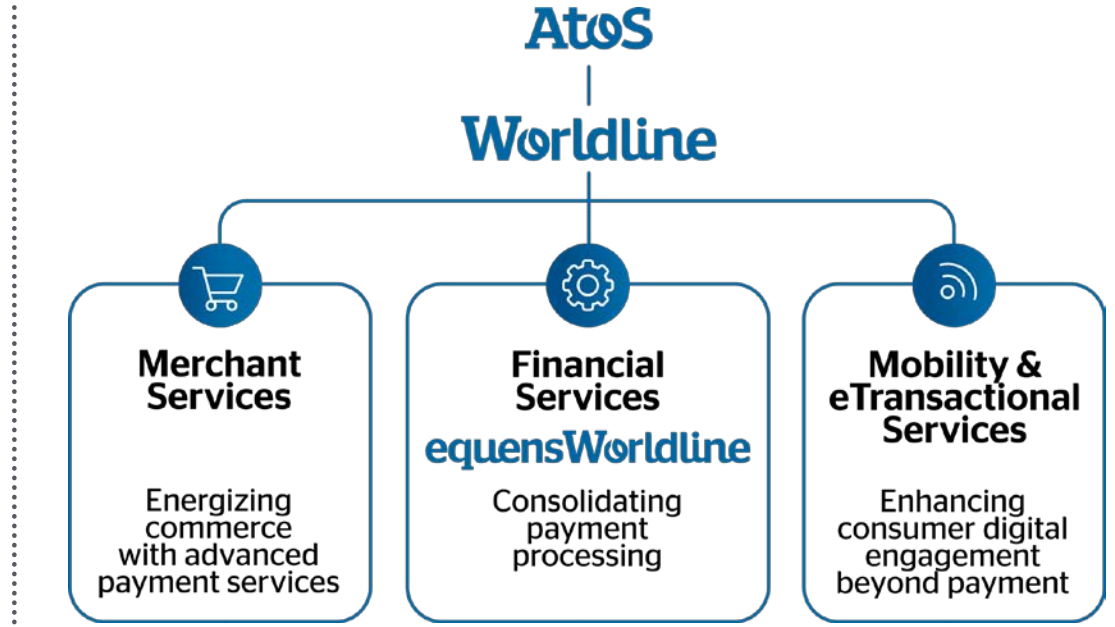
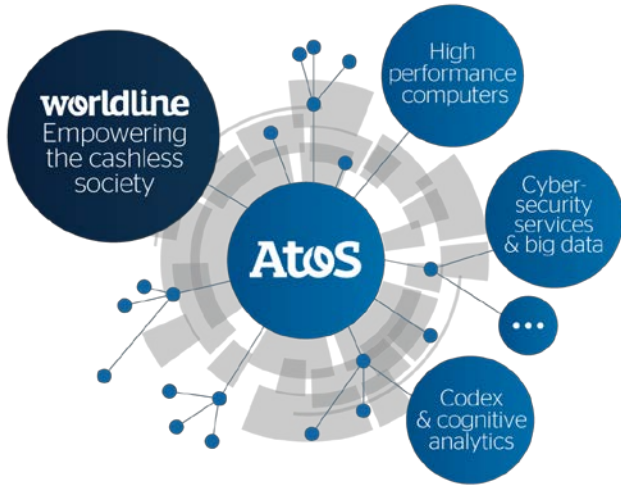
Michael Steinbach

CEO equensWorldline &
Head of Financial Services Worldline

equensWorldline

Financial Services & equensWorldline at a glance

Position in Worldline and Atos Group



Worldline global footprint

Allowing us to act in key markets around the world

EUROPE

Austria, Belgium, Czech Republic, Estonia, Finland, France, Germany, Italy, Latvia, Lithuania, Luxembourg, Poland, Slovakia, Spain, Sweden, The Netherlands and United Kingdom

USA

LATIN AMERICA

Argentina, Brazil & Chile

ASIA PACIFIC

Hong Kong, China, Taiwan, China, India, Indonesia, Malaysia, Singapore and Australia



And leveraging Atos presence in 72 countries

Financial Services

ID Card



Issuing
Solutions



Acquiring
Solutions



Account
Payments



Digital
Banking

250+
FINANCIAL
INSTITUTIONS

25+
COUNTRIES
WITH CLIENTS

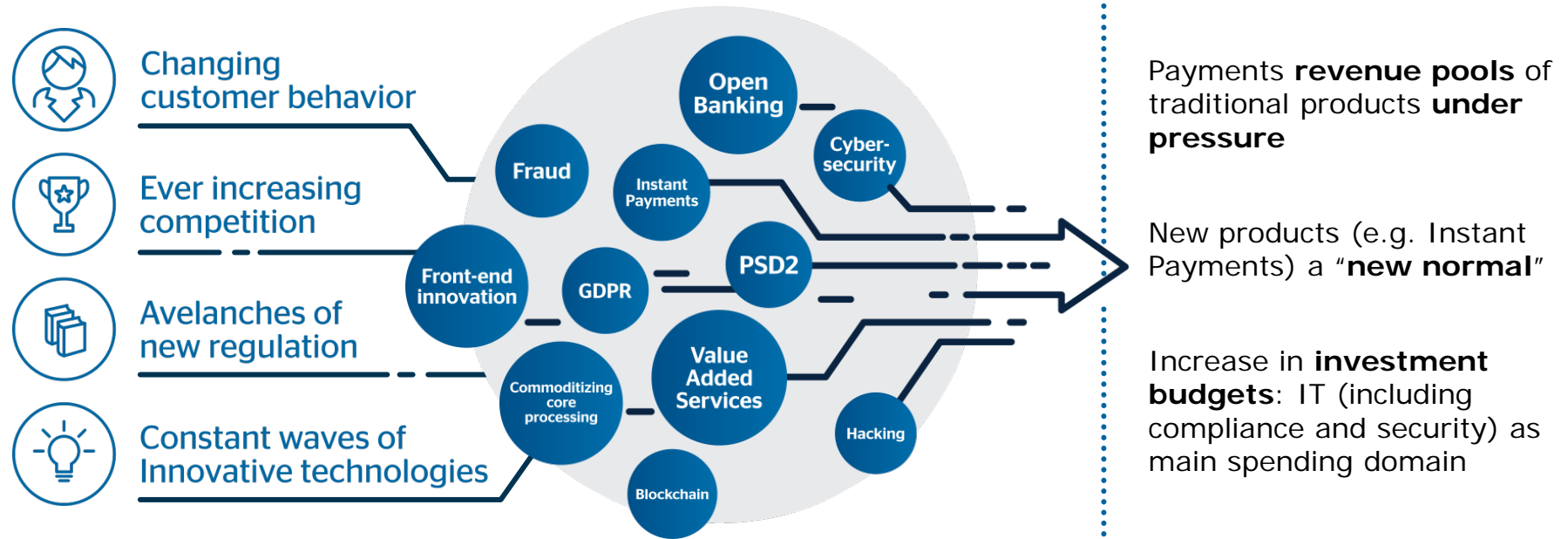
4.300+
INDUSTRY
EXPERTS

c. 12 BN
PAYMENT TRANSACTIONS
PER YEAR

c. 7 BN
CARD TRANSACTIONS
PER YEAR

Industry trends...

Putting pressure on traditional banking revenue pools



...fundamentally change the payments market

Shifting from mature local to competitive international markets



Changing customer behavior



Ever increasing competition



Avalanches of new regulation



Constant waves of innovative technologies

Continuous launch of **new payment experiences** for customers

Standardization of underlying payments processing infrastructures

Fundamental change: **Digital transformation** and **globalization**

Going from D+1 to D+10... seconds across EU

Instant payments will lead to availability of funds at payee within seconds

Instant Payments

We believe instant payments are going to **revolutionize** the way Europeans pay

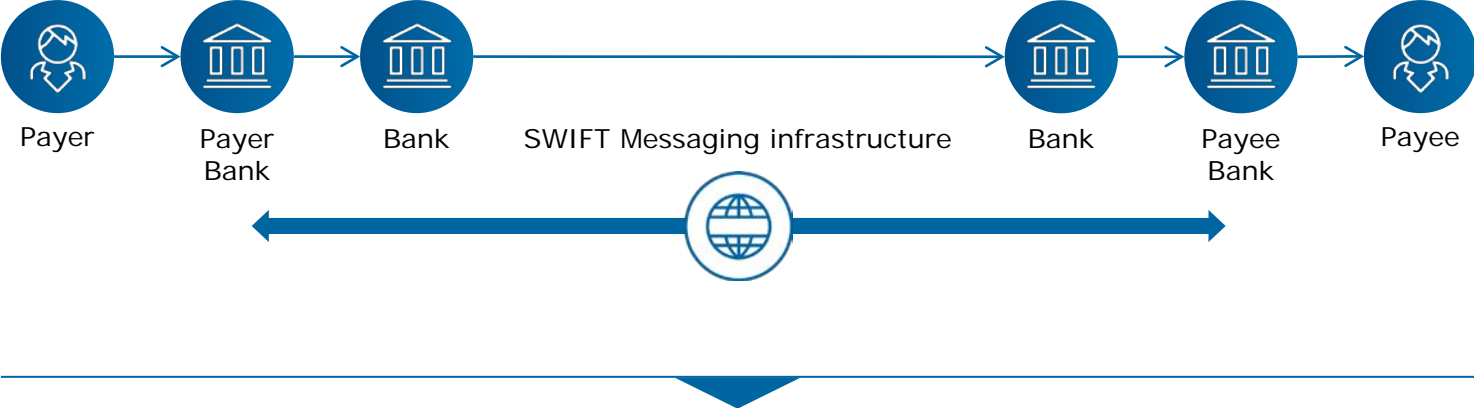
Challenging incumbent payment means

Also for **cross-border** payments



Remember the days SWIFT used to be the default

For cross border payments



Today's cross-border payments are perceived as high cost, slow and inefficient

Multiple cross-border payment initiatives

Forcing banks to maintain access to various instant payments networks



DLT*
**disruptive
alternatives**
e.g. Ripple



**Fintech
service
offerings**
e.g. TransferWise



**Incremental
service
renewal**
e.g. SWIFT gpi



**Instant
Payment
ACH services**
e.g. EU and beyond

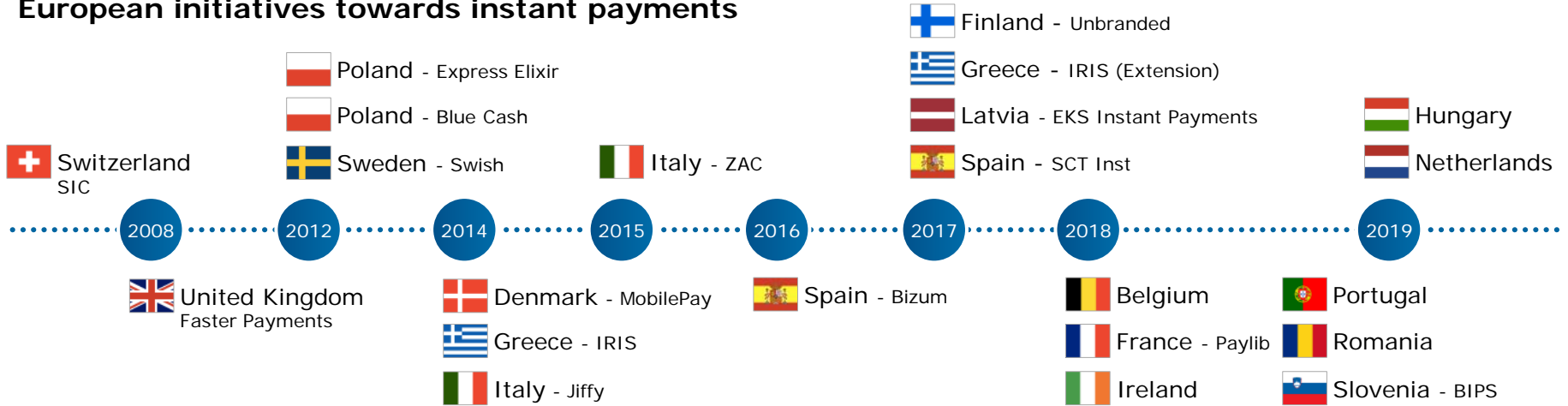
The new kid
on the block

* DLT = Distributed Ledger Technology

Instant ACH payments started domestic

EU payments speeding up from days, to D+1, to D+5... seconds

European initiatives towards instant payments



EU cross-border instant initiatives: TIPS, RT1 and EACHA Interoperability Framework

Source: Company research and Lipis Advisors

The challenge of becoming cross-border

Requires a full interoperability framework, not just messaging standards

-  **Legal**; interoperability contract needs to be in place
-  **Settlement**; Payment finality needs to be defined
-  **Risk management**; needs to be agreed and performed
-  **Compliance**; Regulatory approval to be obtained
-  **Reach**; Insight in participation and reachability to be set up
-  **Data communication**: Network, protocols and security to be aligned

ACH Cross-border Instant Payments cannot only be achieved **via an interoperability framework** but also via **system and scheme consolidation**. E.g. the P27 initiative of 7 major Nordic banks aiming to consolidate both scheme and systems

Resulting in disappearing differentiation

Payments processing experience identical for x-border and domestic

Cross-border EU payment processing is changing



Standardization



Commoditization



And now also Instant



Cross-border payments processing experience will see major changes, rendering them equal to domestic payments



Low cost



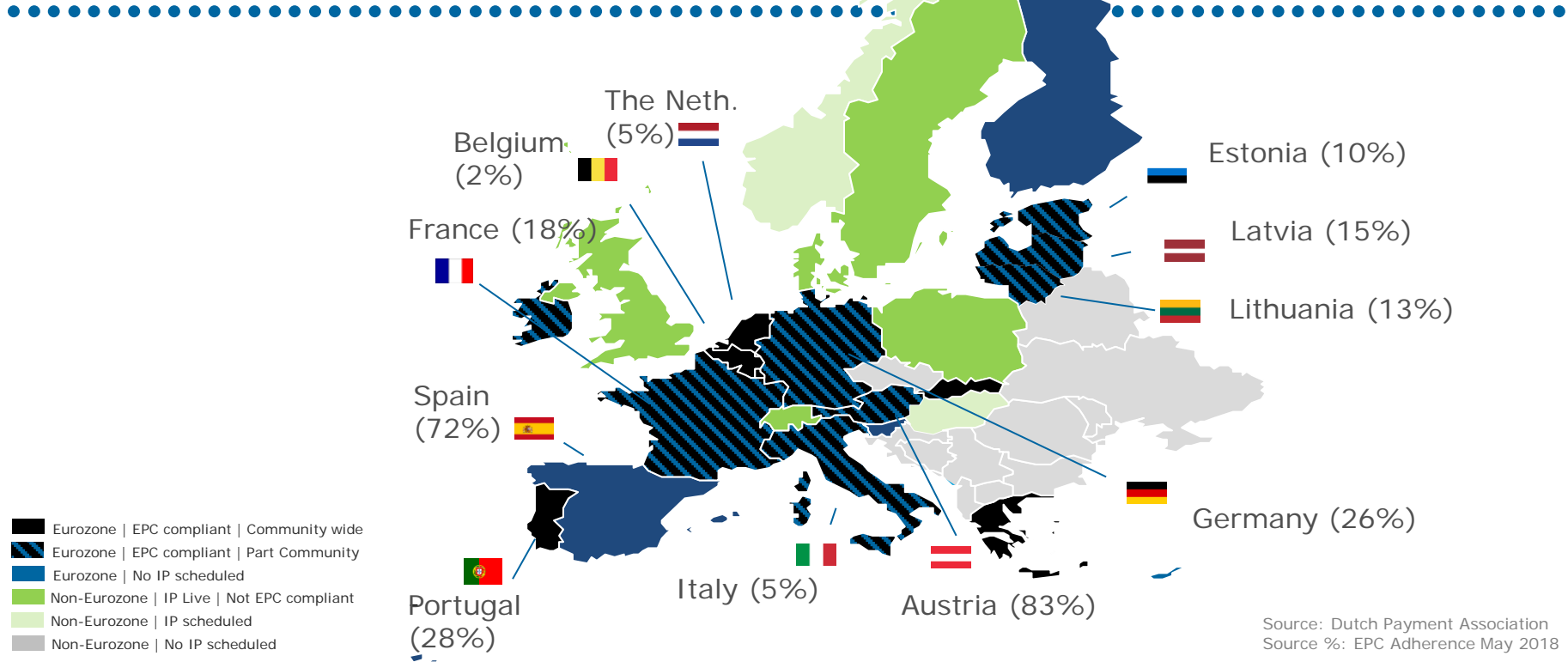
Quick



Efficient

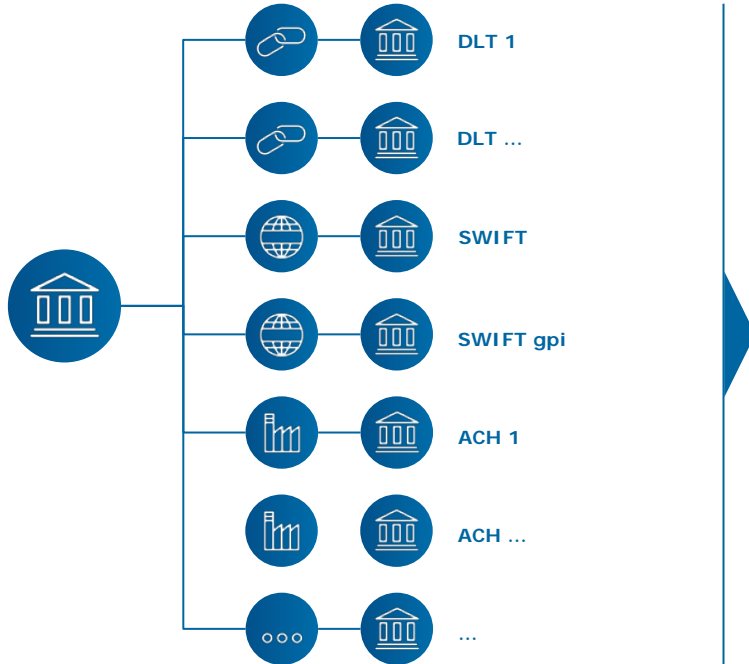
IP activities in Europe

% Banks reachable for SCT Instant



Network selection depends on use case

Short to mid term will not see a global winner-takes-all



- Many different channels / networks creating high complexity
- High running costs
- Massive investments required without additional revenues
- Single bank consolidation will lead to sub-scale at best not to competitive scale
- Provided services are non-differentiating

Banks need customer facing differentiation

And lower TCO on non-differentiation back-office



equensWorldline strategy:
scale and massive investments in innovation,
to **be the ideal European bank partner**

Thank you

For more information please contact:

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equensWorldline

About Michael Steinbach

CEO equensWorldline



Michael Steinbach is Head of Financial Services at Worldline and CEO of equensWorldline SE, a joint-venture between the former Equens and Wordline which was established 2016. He was one of the responsible acting managers on the merger between the Dutch Interpay B.V. and the German Transaktionsinstitut fuer Zahlungsverkehrsdienstleistungen AG, which led to the incorporation of Equens on November 30th 2006.

Prior to his appointment as Chairman of the Board at Transaktionsinstitut in 2003 he was a director of DZ BANK AG (Deutsche Zentral-Genossenschaftsbank), where he headed the payments/cards/trade finance department. During his career he has headed increasingly large and complex payment and cards divisions formed by mergers in the banking world.

Being in this business for over 30 years Michael Steinbach has gained extensive experience in the payments, cards and digital payments business. Michael Steinbach is a member of many national and international payment committees. Furthermore he is Member of the Worldline Executive Committee and Chairman of the International Payments Framework Association (IPFA).