U.S. Payments Forum Mission

• ... the cross-industry body focused on supporting the introduction and implementation of EMV and other new and emerging technologies that protect the security of, and enhance opportunities for payment transactions within the U.S.

Current EMV-related Topics and Issues
• Petro, Transit and Hospitality merchants EMV-enablement issues
• EMV contactless/mobile acceptance testing & certification
• Issuer considerations for contactless EMV (dual interface, offline data authentication)

Beyond EMV – Advanced Payments Topics and Issues
• Mobile payment and tokenization
• Authentication: biometrics, future of CVM, new signature requirements
• 3-D Secure 2.0, Secure Remote Commerce and other CNP fraud tools
Forum Activities & Resources

• Collaboration on projects to develop resources to assist with U.S. EMV migration and implementation of other new and emerging payments technologies
  • White papers, educational resources
  • Best practices and technical recommendations

• Education programs for members and the industry
  • Webinars, workshops, Forum member meeting tutorials, published resources

• Communications
  • Market outreach with recommended best practices and industry positions

• Networking
  • Forum for industry stakeholders to interact with all payments industry stakeholders

Information and resources available at www.uspaymentsforum.org
Mobile & Digital Wallet Webinar Series

• #1 – Mobile Wallet Landscape, Wallet Models and Processes – Jan. 9th
  Review of five commercially-available wallet models with technologies and processes used in their implementation

• #2 – Mobile Wallet Security Technologies and Approaches – Jan. 23rd
  Review of different security technologies implemented in wallets

• #3 – Strategic Considerations for Merchants – Feb. 6th
  Review of key strategic considerations for merchants implementing a mobile wallet strategy

• #4 – Strategic Considerations for Financial Institutions – Feb. 21st
  Review key strategic considerations for financial institutions implementing mobile wallets
Today’s Speakers

• Cathy Medich, U.S. Payments Forum

• Laura Townsend, Merchant Advisory Group
Mobile & Digital Wallets: Strategic Considerations for Merchants

Laura Townsend – SVP Operations, Merchant Advisory Group
The Changing Mobile Landscape
Merchant Considerations

- Mobile Order/Pay
- Home Delivery

- Customer Engagement
- Customer Experience
- Customer Adoption
- Product Features & Roadmap
- Technology
- Risk & Security
- Acceptance
- Financial
Customer Engagement

Engagement levers

- Payment
- Loyalty?
- Offers/deals?
- Receipts?
- Returns?
- Warranties?
Polling Question

What is your favorite Christopher Walken appearance?

1. Fatboy Slim – Weapon of Choice Music Video
2. The Deer Hunter
3. Saturday Night Live – All of them
4. The Seven Psychopaths
5. Who is Christopher Walken?
Customer Adoption

Which mobile wallets have you used to pay at checkout with your mobile phone in the past 3 months?

- Apple Pay: 40%
- PayPal (using it in the store & not through the internet): 37%
- Starbucks app: 24%
- Android Pay: 14%
- Masterpass by Mastercard*: 12%
- Chase Pay: 11%
- Walmart Pay: 11%
- Wells Fargo Wallet: 11%
- Samsung Pay: 10%
- Visa payWave: 9%
- Microsoft Wallet: 2%
- Another mobile wallet, please specify: 0%

Share of respondents
Polling Question

Which mobile payment solution have you used in the last 3 months at a retailer either at the point of sale or in-app/online?

1. The “Pays” (Apple Pay, Google Pay, Samsung Pay)
2. Merchant-centric wallets (Walmart Pay, Starbucks app, McDonald’s Order Ahead, Dunkin’ Donuts (DD) Perks, Kohl’s Pay)
3. Network-centric wallets (Amex Express Checkout, Masterpass, Visa Checkout)
4. Issuer-centric wallets (ChasePay)
5. Alternative checkout (PayPal, WeChat Pay, Alipay)
Payment Channels
Product Features & Roadmap
<table>
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<tr>
<th>Technology</th>
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<tr>
<td>Hardware</td>
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<td>Software Integration</td>
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<td>Deployment</td>
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<td>Training</td>
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Polling Question

What mobile payment technologies do you expect to see proliferate over the next 12 months?

1. NFC/EMV Contactless
2. Payment Codes
3. QR Codes
4. Invisible Payments
5. Pay Buttons
Technology

Development lead times
Design Requirements
Software/Hardware Requirements
Competing IT Priorities
Experience Control
Inventory & Fulfillment Integration
Loyalty Platform Integration
Fraud Prevention Integration

Build It

Buy It

Your Brand
WHITE LABEL

System Development Lifecycle
1. Define
2. Design
3. Develop
4. Test
5. Deploy
6. Support
7. Report
8. Plan
9. Review

Build It
Buy It
**Technology**

Most traditional physical commerce retailers entered a Digital Transformation...

**Digital Transformation**
Deliver a customer-centric experience across channels

**IT Transformation**
Change the way in IT functions in order to gain the speed and agility to meet new demand

**Legacy Modernization**
Identify components of legacy back-end systems that require modernization in order to meet demand

... That has turned into an IT Revolution
Risk & Security

• Authentication Methods

• Product Security Features

• Provisioning Protocols

• Data Storage & Protection
Acceptance

- Network Rules & Requirements
  - Tokenization/Debit Routing
  - Biometrics & Common AID
  - Honor All Wallets
  - Wallet Identifiers
  - Liability Shift

- Legal/Regulatory
  - Contractual
  - Data Usage Rights/Ownership
Financial

• Technology, Training & Deployment
  – One-time implementation costs
  – Ongoing maintenance costs

• Transaction Fees

• Payment Mix
  – Remote vs. Physical
  – Credit vs. Debit
  – Debit Routing Choice
  – Alternative payment methods – ACH, gift, Private label

• Performance & Fraud Management

• Liability & Chargeback Management
Polling Question

As a consumer yourself, do you choose a different type of payment card (ie. debit vs. credit) dependent on the commerce channel (ie. physical or digital)?

1. Yes
2. No
Additional Materials

- MAG Mobile Product Analysis Tool
- Know Your Payments, a place to get smarter about payments
- Merchant Advisory Group Website, a wealth of merchant-centric information

Any questions, contact me at the following:
Laura Townsend, SVP Operations
630.362.0367 | laura.townsend@merchantadvisorygroup.org
Mobile Wallet Webinar Series: Online Assessment

- Online assessment quiz available for each webinar in the series
- Participate in all four webinars and assessments to receive a certificate and registration discount to the 2019 Payments Summit
- Assessment link: https://www.surveymonkey.com/r/walletwebinar3
Additional Resources

• March U.S. Payments Forum Member Meeting and 2019 Payments Summit, Mar. 11-14, Phoenix, AZ
  – Mar. 11-13 – Forum Member Meeting: roundtables, SIGs, working committee and birds-of-a-feather sessions
  – Mar. 12-14 – 2019 Payments Summit: multiple tracks covering all things payments, including FinTech, EMV chip technology, mobile wallets, NFC, contactless, open transit systems and more


• Other resources available at: www.uspaymentsforum.org