

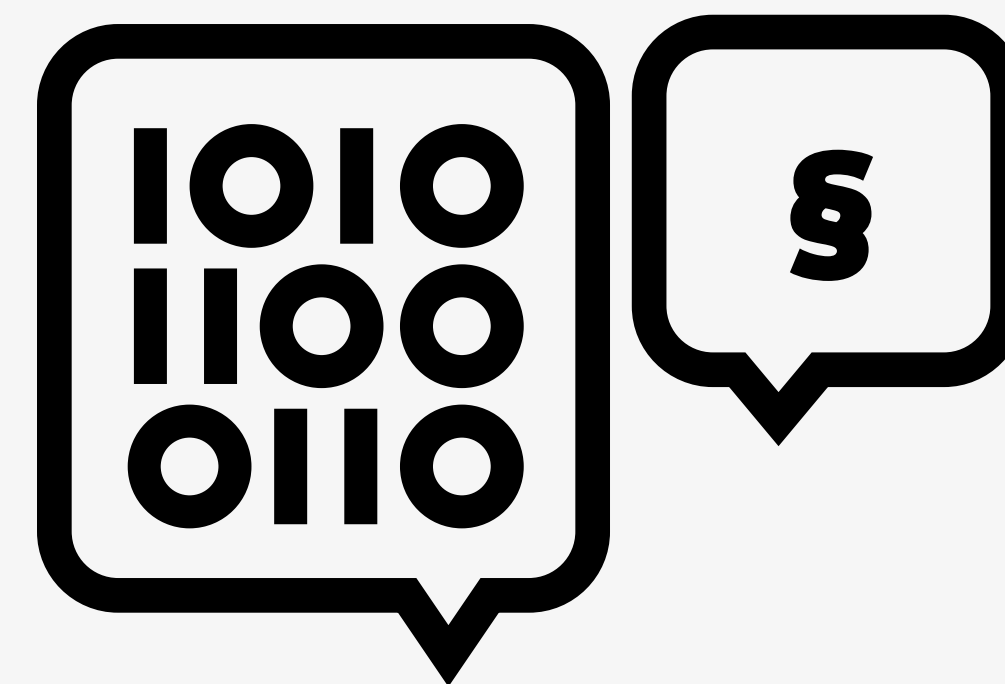
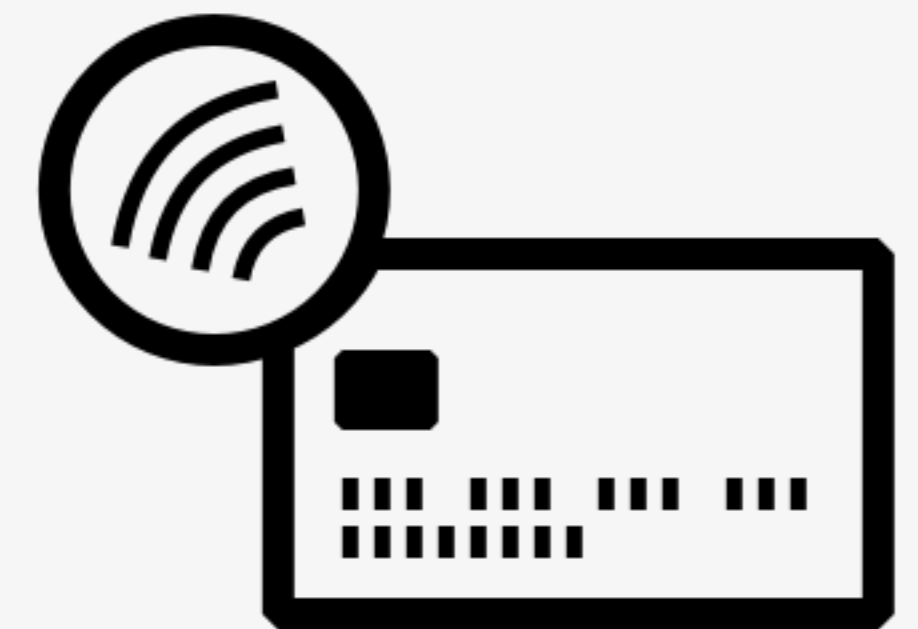
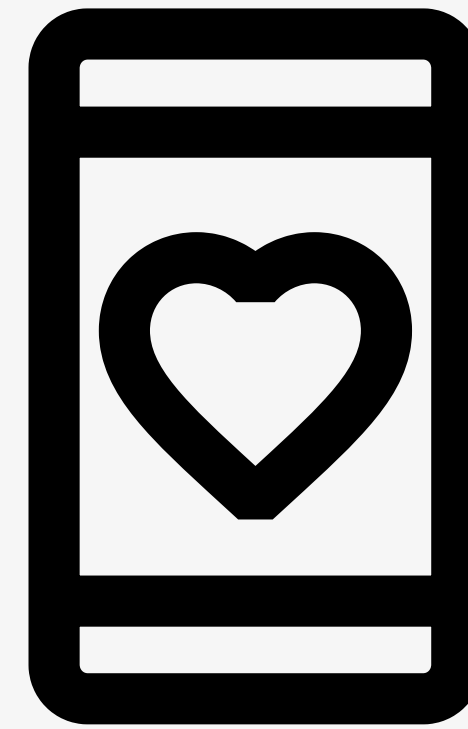
# Seamless payment experience – also after PSD2

Nets Norway | 10.9.2019

Matias Pietilä, Head of design

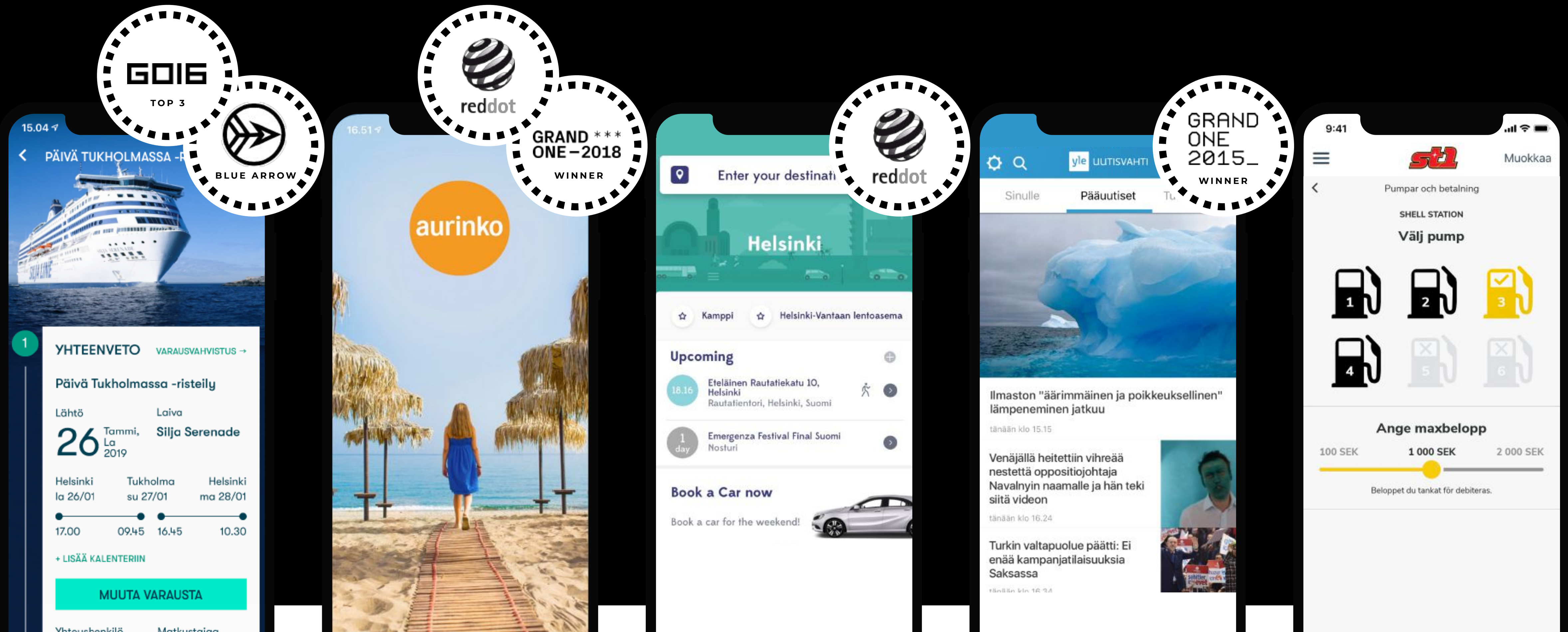
@mpietila | [matias@qvik.fi](mailto:matias@qvik.fi)

**QVIK**



What we do?

# We create measurable impact





Qvik Design

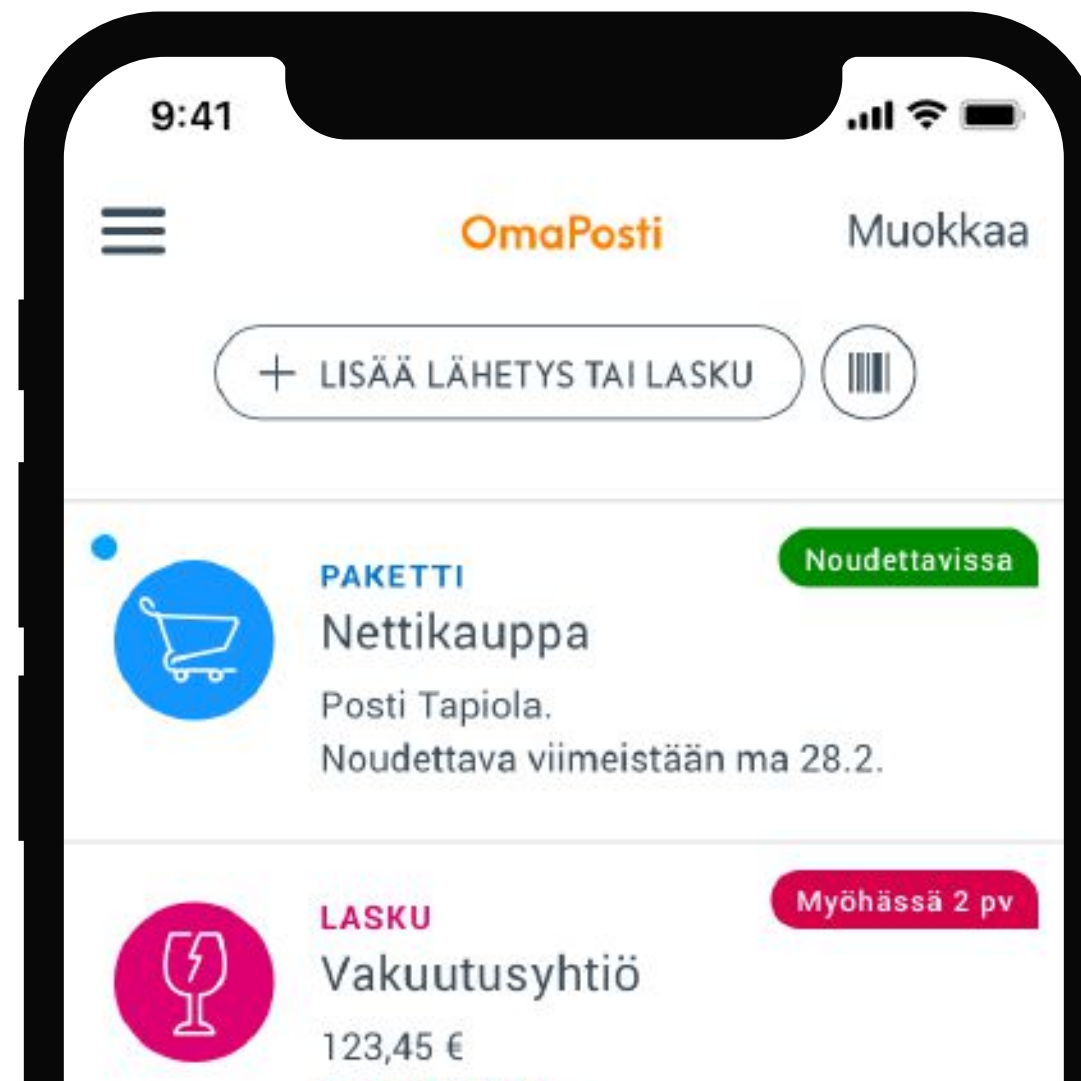
# Impact first

Oma Posti

GROWTH IN USAGE

**+50%**

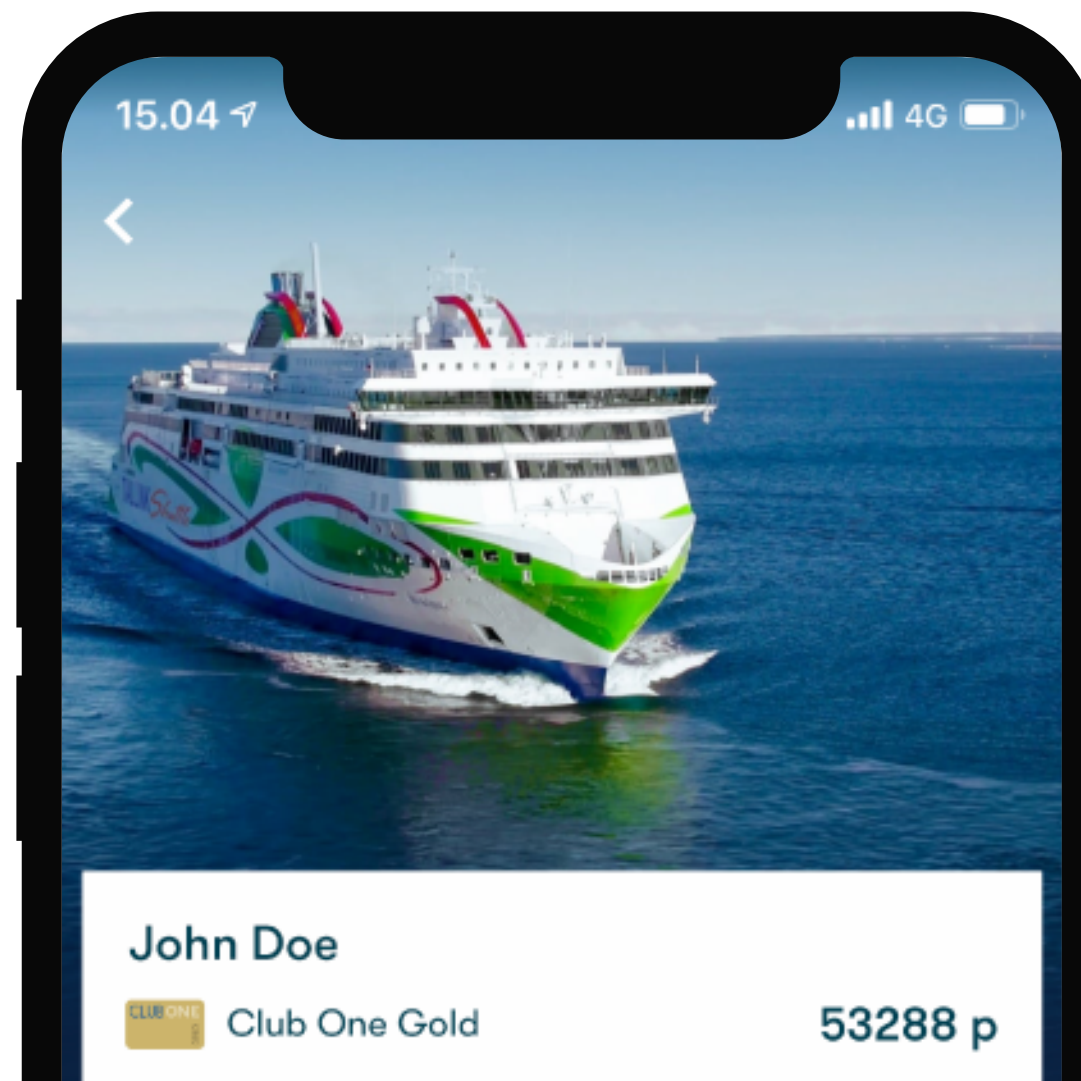
after Qvik redesign



Tallink Silja

**8 x** MOBILE  
SALES

after Qvik redesign



Aurinkomatkat

EXCURSION SALES

**+78%**

after Qvik redesign



**Mobile browsing  
typically exceeds  
50% already**

**Mobile browsing  
typically exceeds  
50% already**

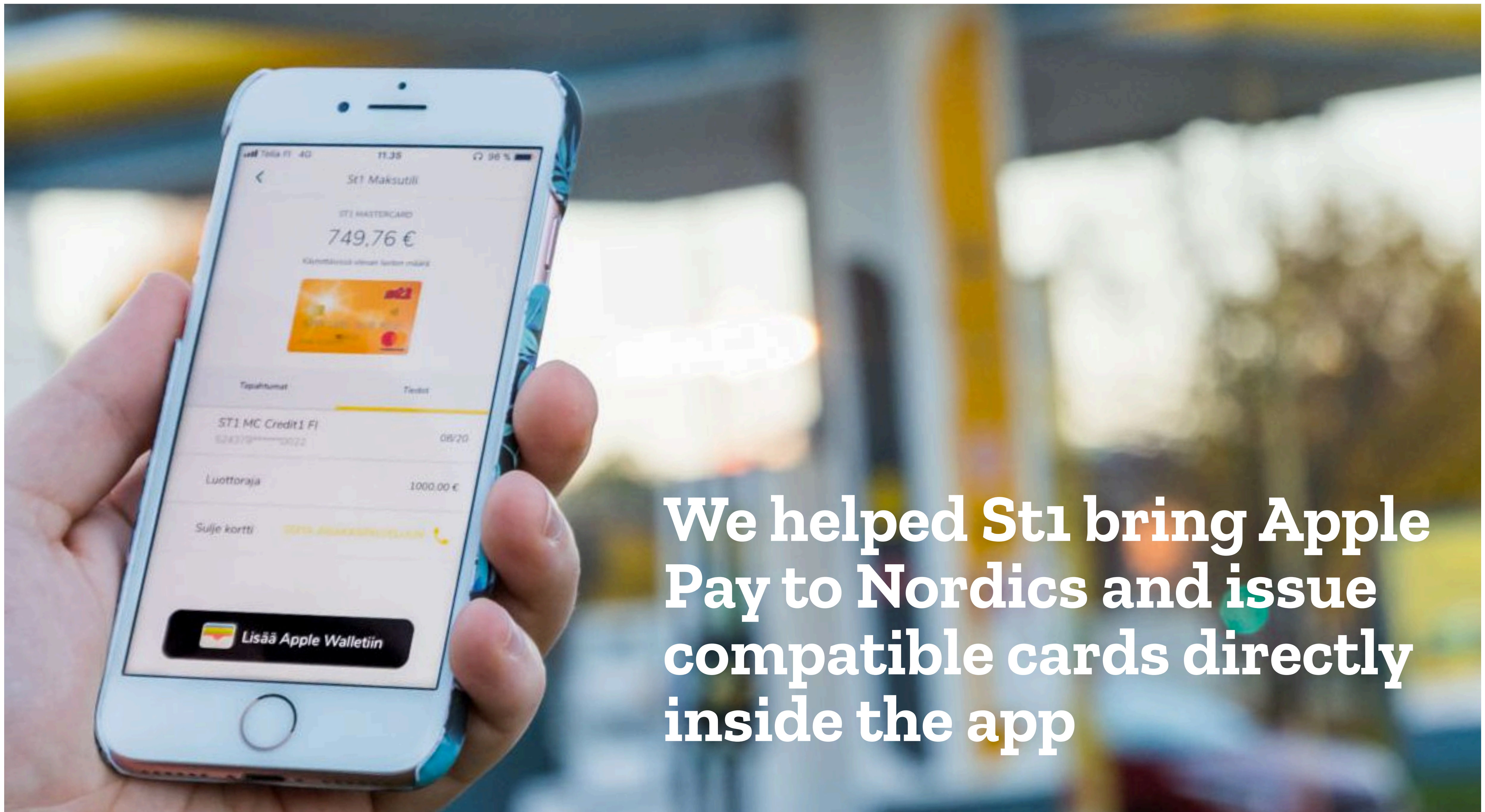
**However, mobile  
sales tend to lag  
behind**

**typically exceeds  
50% already**

**sales tend to lag  
behind**

**AND NOW PSD2 THREATENS TO MAKE MATTERS EVEN WORSE!**





**We helped St1 bring Apple Pay to Nordics and issue compatible cards directly inside the app**





**We helped St1 bring Apple Pay to Nordics and issue compatible cards directly inside the app**



# Our role in the domain

**Apple Pay to Finland , Sweden and Norway**  
With St1 in 2017

## **Consulting for several banks**

We have helped several banks build their digital services

## **Payment consulting for merchants**

PSP tendering, mobile wallet consulting, PSD2 and SCA consulting, credit card tokenisation

## **Statements in the media**

We have been interviewed by media organisations like Yle, Sanoma, and Alma Media regarding changing payment landscape

### Apple Pay tekee matkapuhelimesta pankkikortin – maksumullistus vasta alkamassa

Mobiilimaksamisen murros kiihtyy tänä syksynä. Ensi vuoden alussa ulkomaalaisen yrityksen ei tarvitse saada pankin lupaa palvelun tarjoamiseen, vain asiakkaan lupa riittää.

Lähimaksaminen 24.10.2017 klo 12:33



**aupalehti** UUTISET PÖRSSI YRITYKSET JOHTAMINEN OPTIO TOI

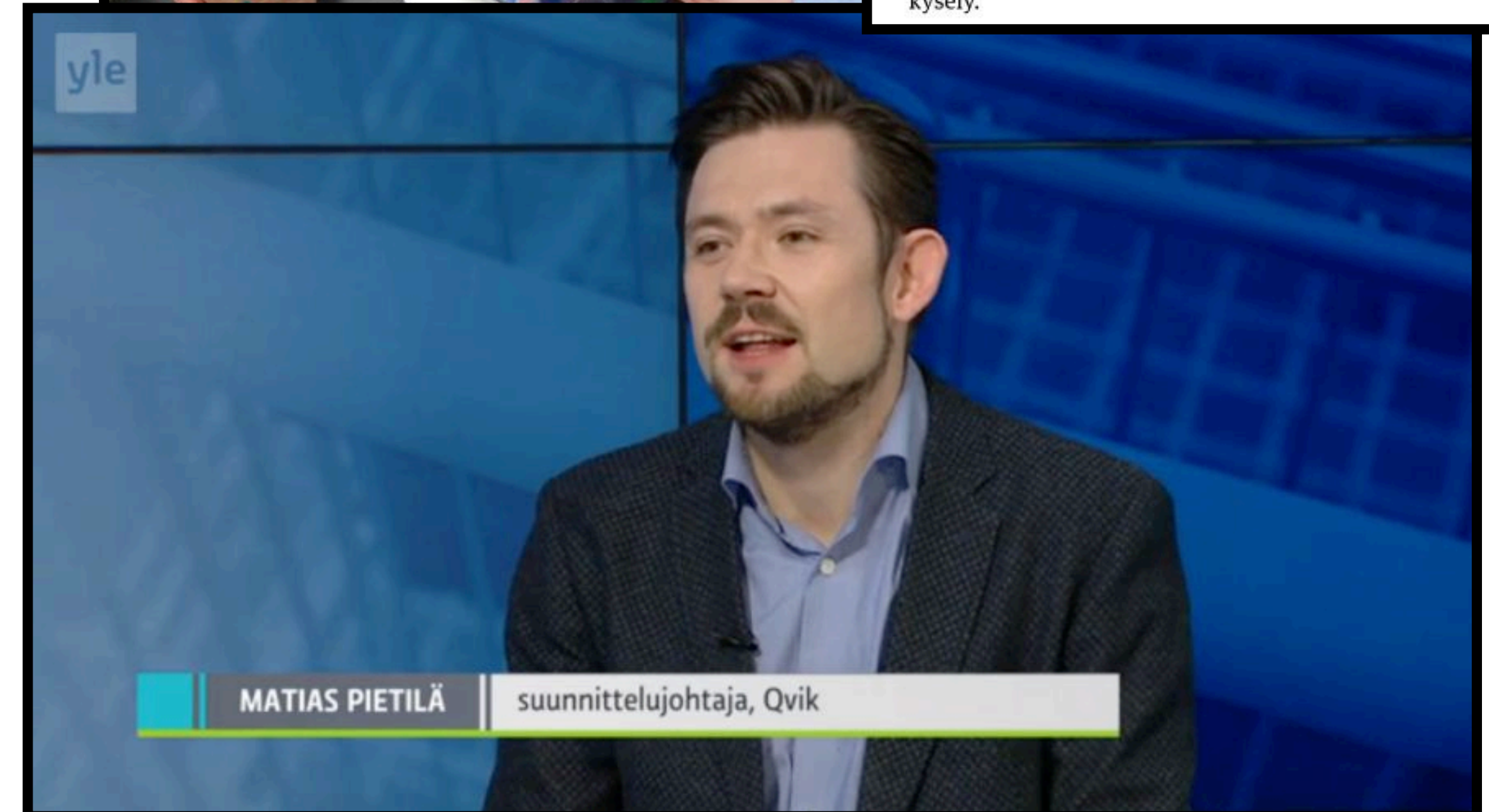
### Kysely: Suomalaiset empivät yhä mobiilimaksamista – käytettävyys ja tietoturva epäilyttävät eniten

8.5.2019 07:00 DIGITALOUS PUHELIMET OHJELMOINTI FINANSI

A photograph of a hand holding a smartphone. The screen shows a mobile payment app interface with a large '56€' displayed, indicating a payment amount. The app has buttons for 'Laheta' (Send) and 'Pyydä' (Request).

**Uusia maksutapoja.** Mobile Pay toi nopeat kännykkämaksut sekä kuluttajien välisiin rahansiirtoihin että verkkokauppojen ostoksiin. KUVA: LAURI OLANDER

Suurin osa suomalaisista suosii verkossa yhä kortti- tai verkkopankkimaksamista mobiilimaksamisen sijaan, kertoo tuore kysely.





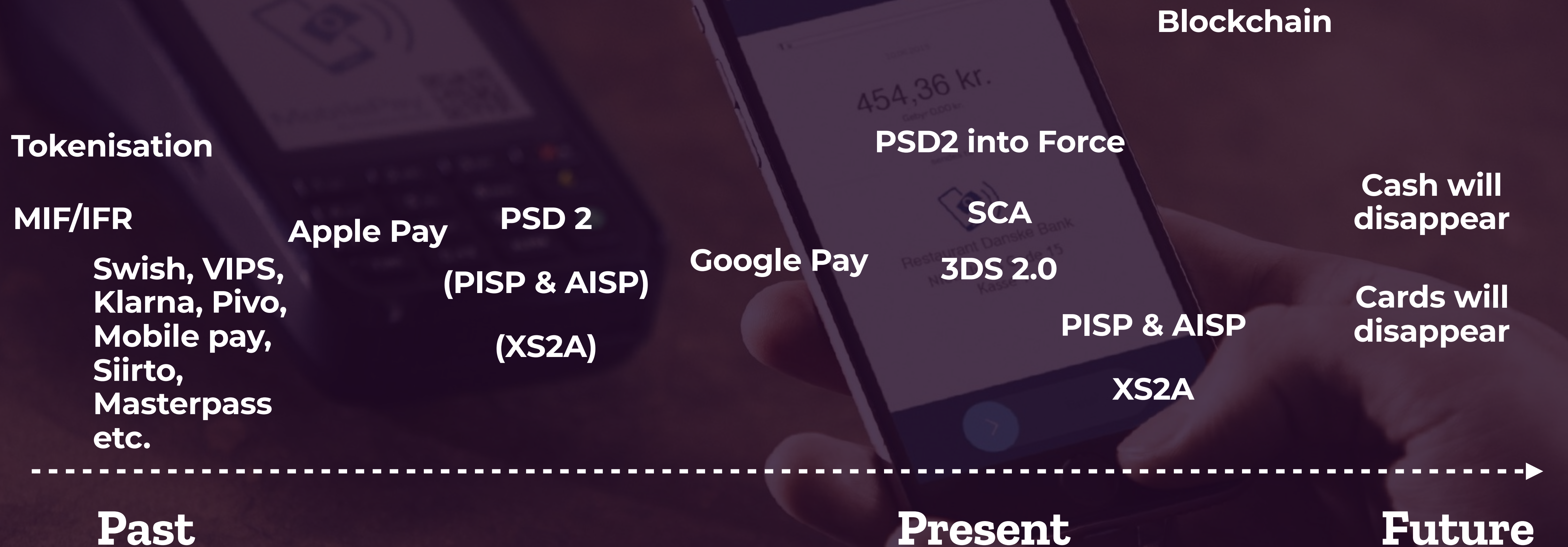
mobile conversion is hard

**Seamless payments  
are one part of the  
solution**





# Payment timeline in Nordics





# **Seamless payment experience – also after PSD2**

A decorative background of colorful dots in shades of purple, blue, orange, and pink, scattered across the left side of the slide.

**Credit card  
tokenisation**

Enabling one-click payments

**Mobile  
wallets**

Benefits beyond  
payments

**PSD2 & future  
opportunities**

...and threats



## Part 1

# Tokenisation

### What is it about?

Making it easier to pay by credit card by storing the credit card information

Tokenisation is a way to externalise storing the actual credit card information to an authorised third party

### What should you do?

There's no reason to put off implementing this: the technology is mature and there are several 3rd parties available for storing the credit card data

In addition to commission levels, pay attention to the fact if the supplier provides ways to customise the payment experience to suit your needs (native SDKs etc.)





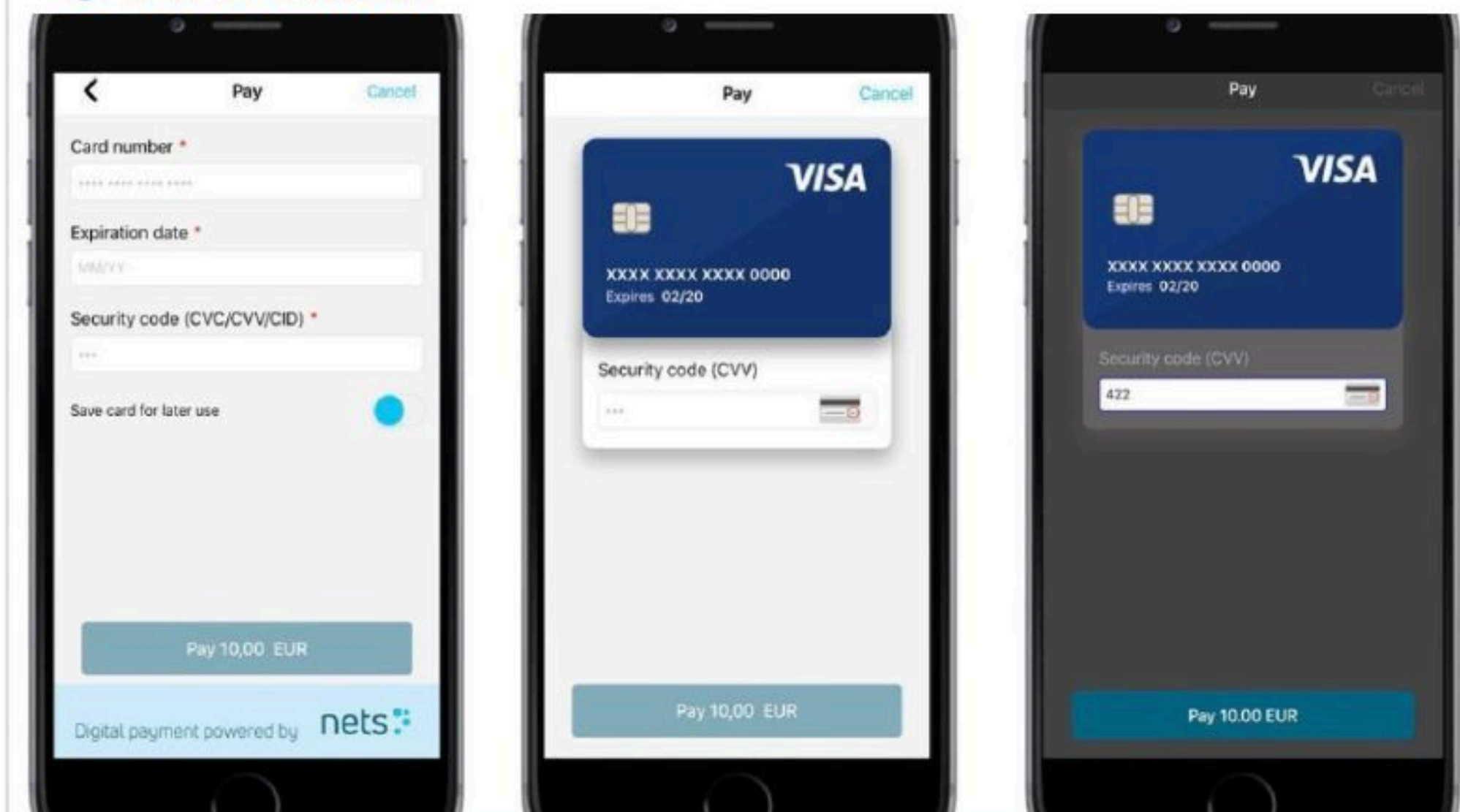
# Look beyond commission levels

**Nets Group**  
nets 16,819 followers  
18h

Nets underlättar nu för handlare och försäljningsställen genom att lansera ett paket för mjukvaruutveckling av mobilappar som gör mobilbetalningar enklare än någonsin.

<https://lnkd.in/d-qQw44>

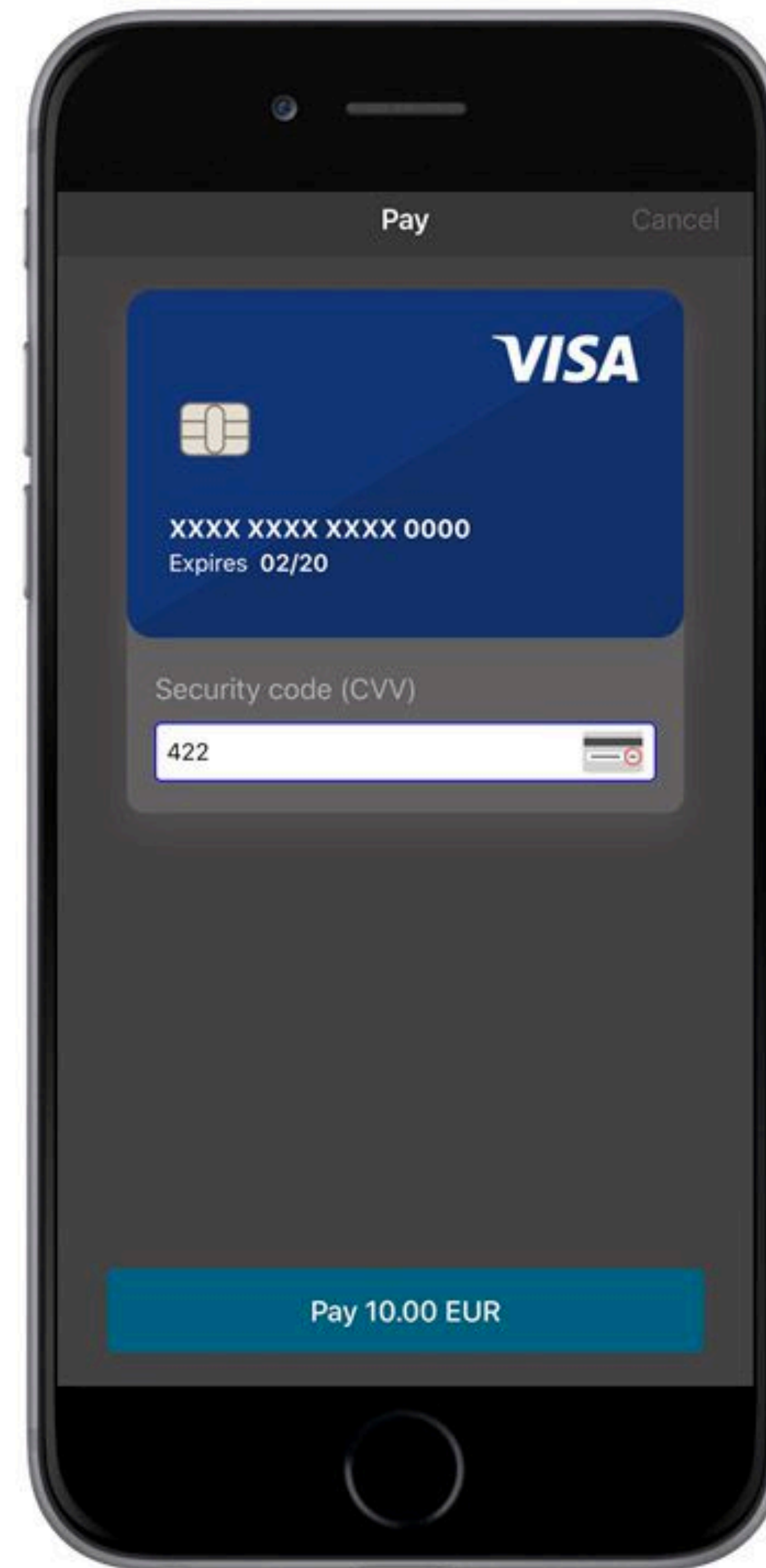
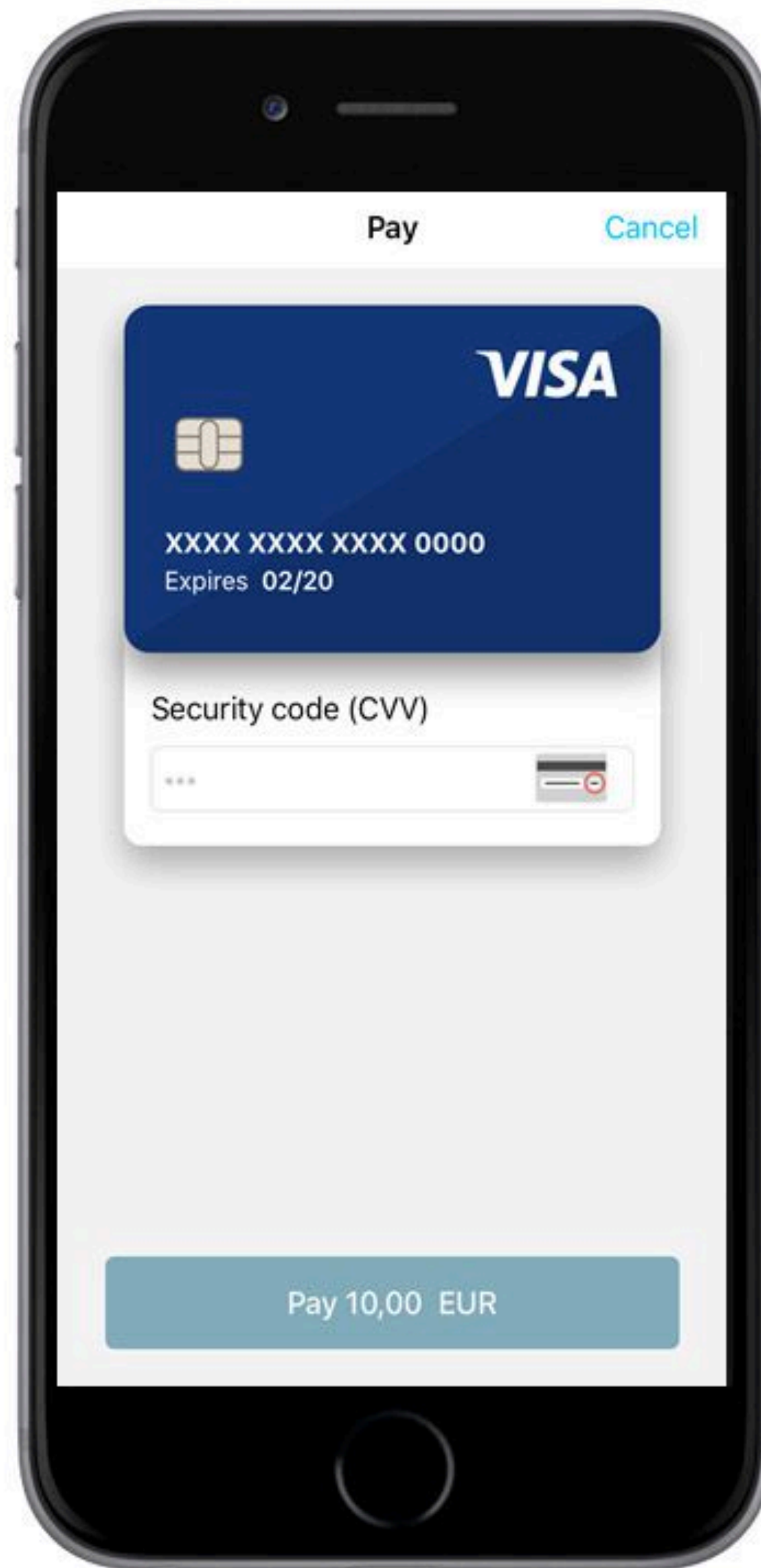
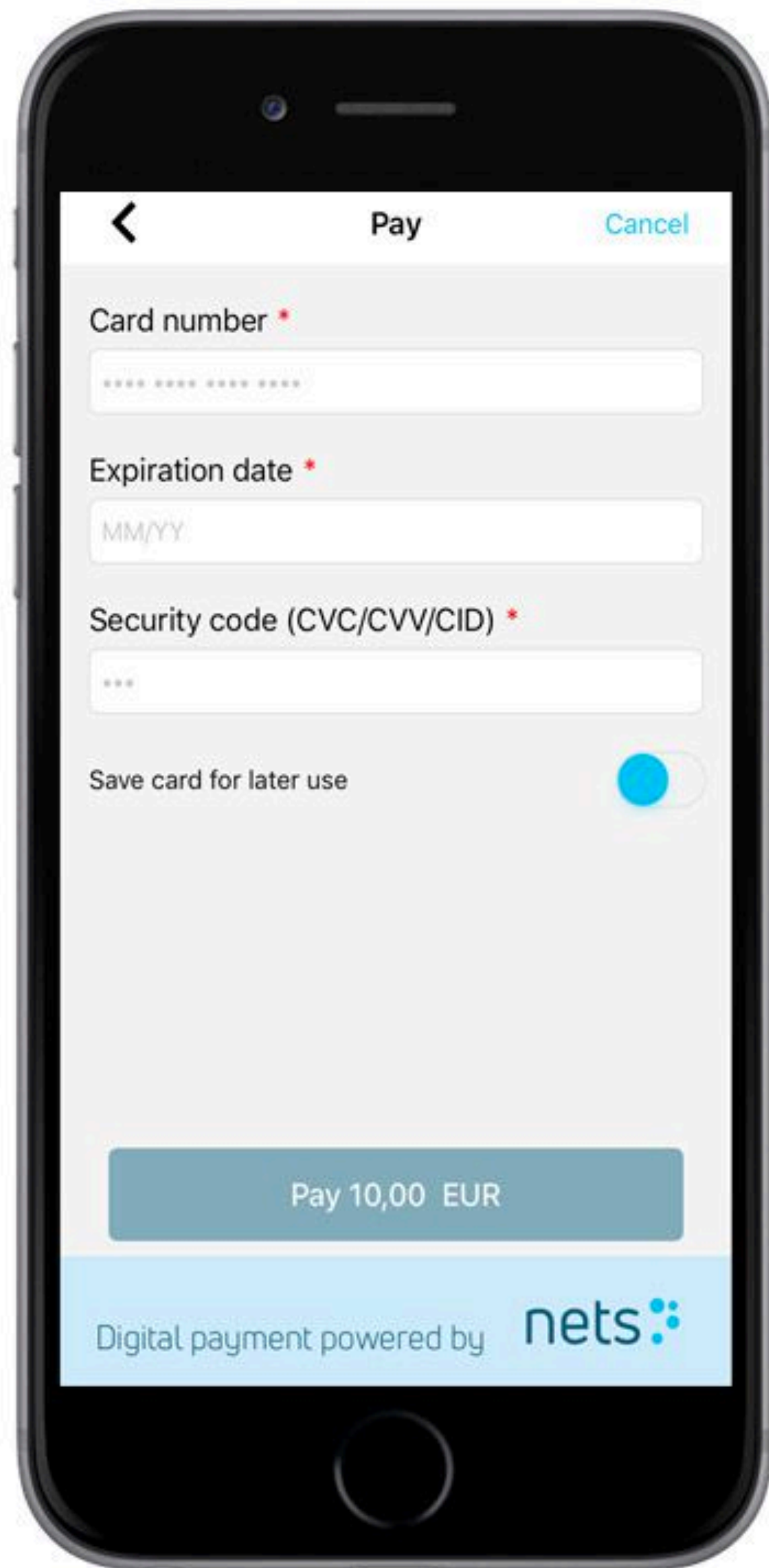
🌐 See translation



**Nets lanserar mjukvarupaket för sömlösa betalningar i appar**  
nets.eu









# Tokenisation opportunities



**Improved  
conversion**

**Frictionless  
upselling**

**Recurring  
payments**

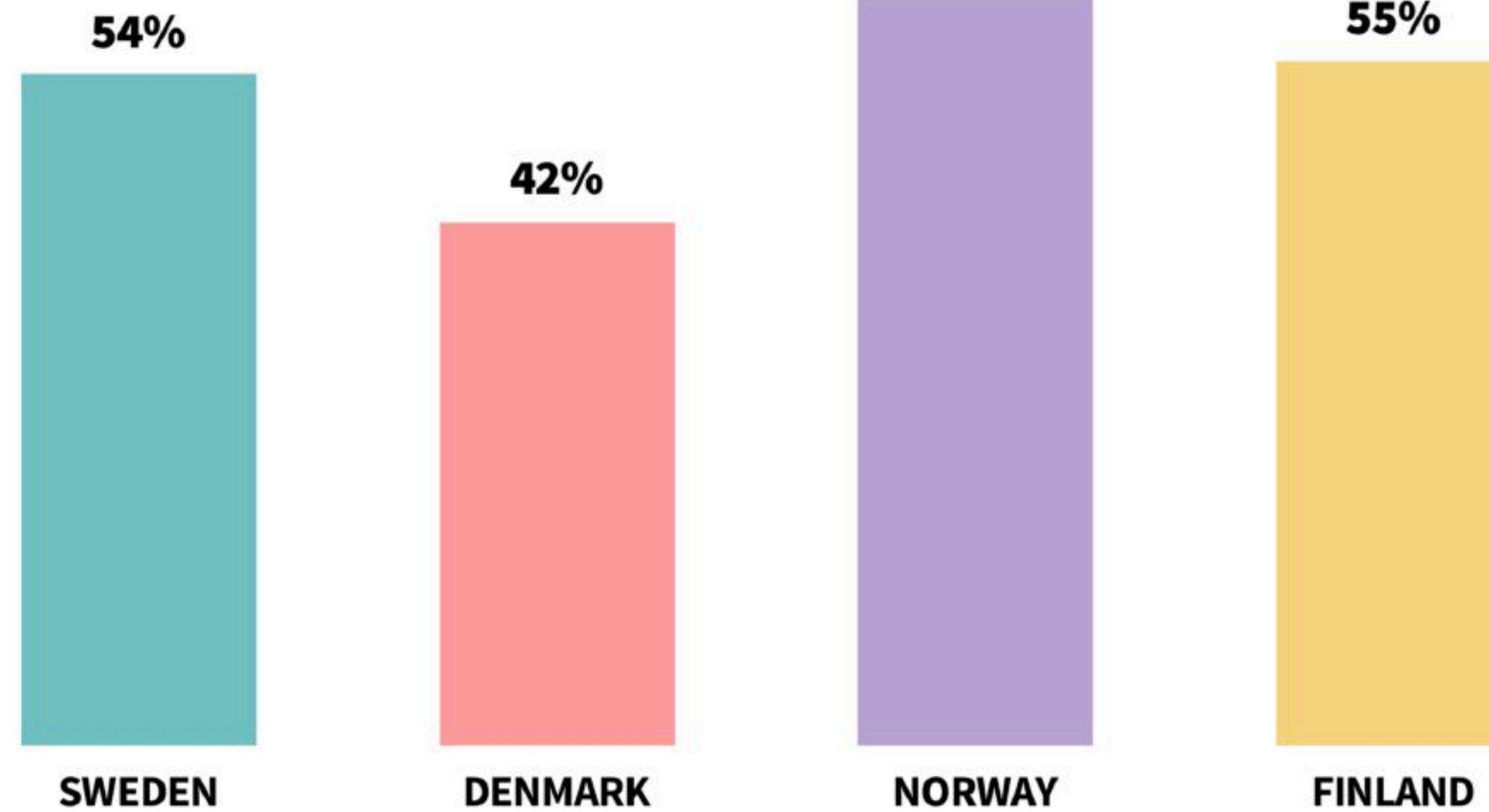
**Customer  
data**

**WARNING: PSD2 SCA  
REQUIREMENTS WILL  
INTRODUCE SOME  
LIMITATIONS**



**61%**  
of the Norwegians would  
like to avoid entering  
their card  
information.

How many prefer not to enter their card information?





**Untapped omnichannel opportunities**

# Recognising users based on their card

With tokenised cards it's possible to recognise users if they pay with the card that is stored under their customer profile

This can be used to enable automatic loyalty point collection

Also omni-channel experience: buy a ticket and a vending machine, get it sent to your phone without ever logging in





# **Seamless payment experience – also after PSD2**

**Credit card  
tokenisation**

Enabling one-click payments

**Mobile  
wallets**

Benefits beyond  
payments

**PSD2 & future  
opportunities**

...and threats



## Part 2

# Mobile wallets

### What is it about?

Mobile wallets take care of card storage

Customers don't need to store their card to your service separately => less friction

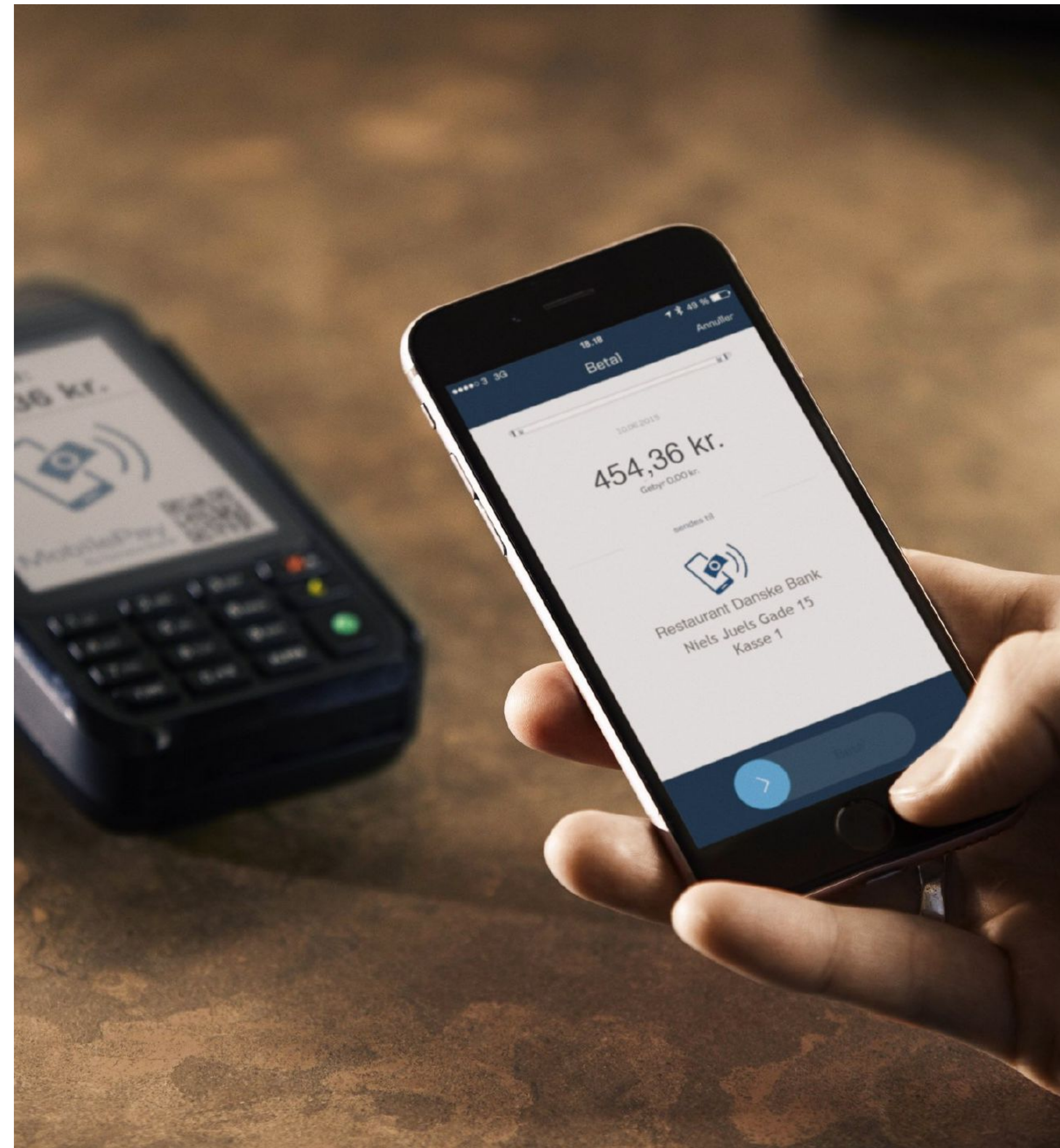
Certain wallets also deliver contact information to merchant: no sign-up required => less friction

### What should you do?

In some markets there are clear winners (Vipps in Norway, Swish in Sweden, MobilePay in Denmark etc.)

In some markets there's a large number of operators, availability in different channels varies, a messy situation for consumers

The level of integration defines the UX. The best experience doesn't always win, though (e.g. Apple Pay adoption slowed down by limited bank support).





# **VIPPS is doing really well**

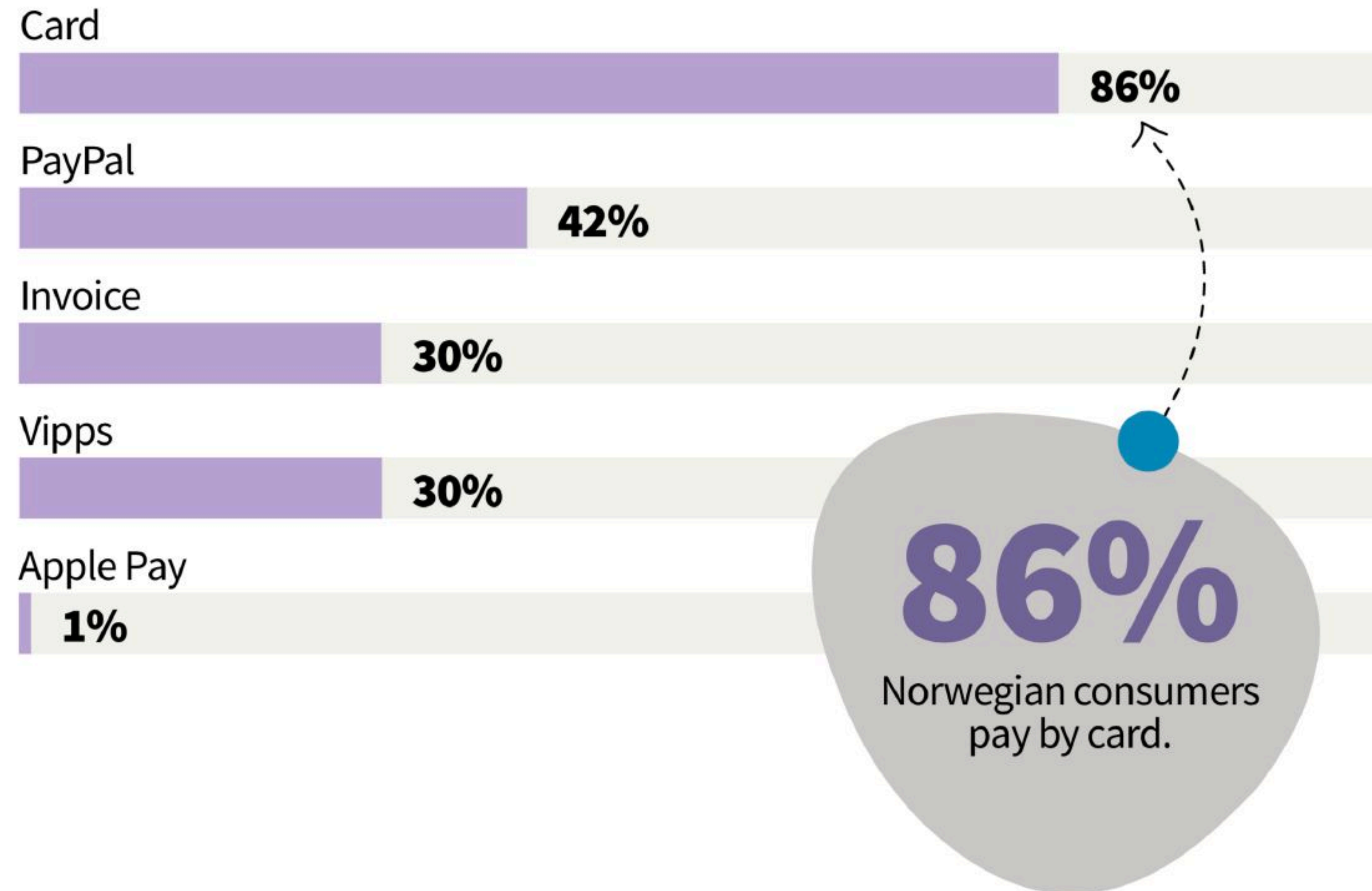
**Used by 66% of  
Norwegians**

**Known by 95% of  
population**

**Fastest growing  
brand ever in  
Norway**

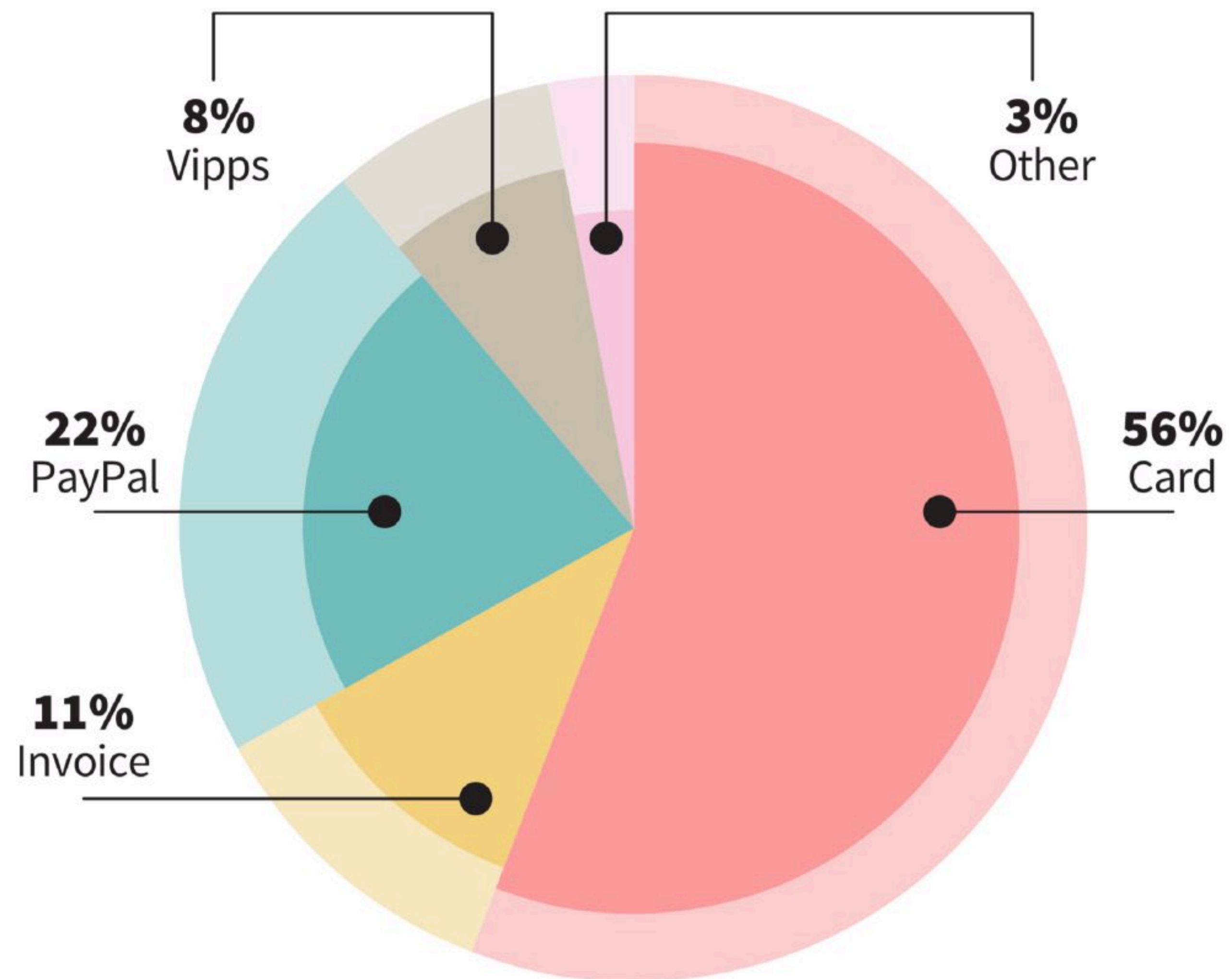


## Payment methods used online





## Preferred payment methods





**Other markets aren't quite as far**

vipp



## Other markets aren't quite as far





# European Mobile Payments Map

Active across markets:



**Nordics**

SEQR swish Apple Pay pay Samsung Pay MobilePay

Neteller momento pivo Siirto

vopps bank axept

**Central Europe**

barion WAVE2PAY G Pay blik

masterpass wallet one

otpay

CSOB budgetbakers

**UK & Ireland**

Apple Pay amazon pay G Pay Pay by Bank app

SEQR pay Samsung Pay pingit masterpass

**DACH**

Apple Pay amazon pay POSTPAY IPAYSt

TWINT SEQR payconiq PAYBACK BLUE CODE

paydirekt kWallet

**Baltics**

Citadele GoNpay

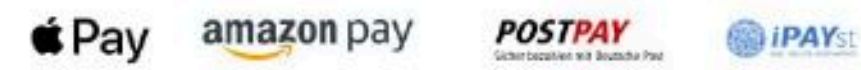
Pay tailor paySera

SEB

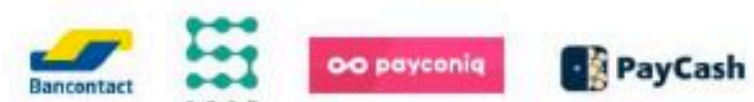




#### DACH



#### Benelux



#### France



#### Iberia



#### Southern Europe



#### Eastern Europe





# Apple Pay & Google Pay

More integrated onboarding

Support for both digital and physical environments

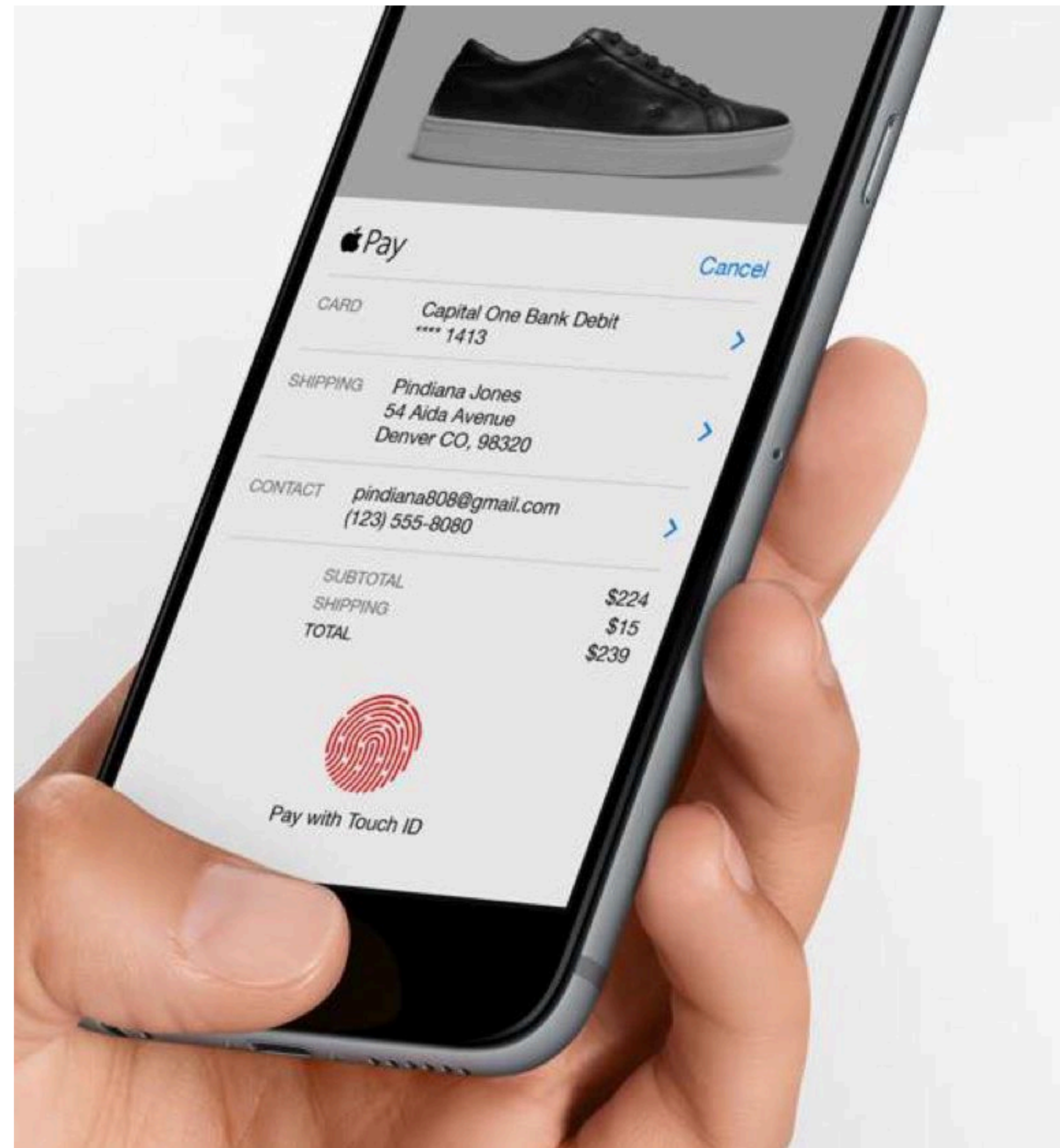
Support for loyalty schemes (in theory)

Deliver contact data for merchant

Support for features not available for third party solutions

Market penetration still small in Nordics due to limited bank support

PSD2 SCA seems to favour 1st party wallets



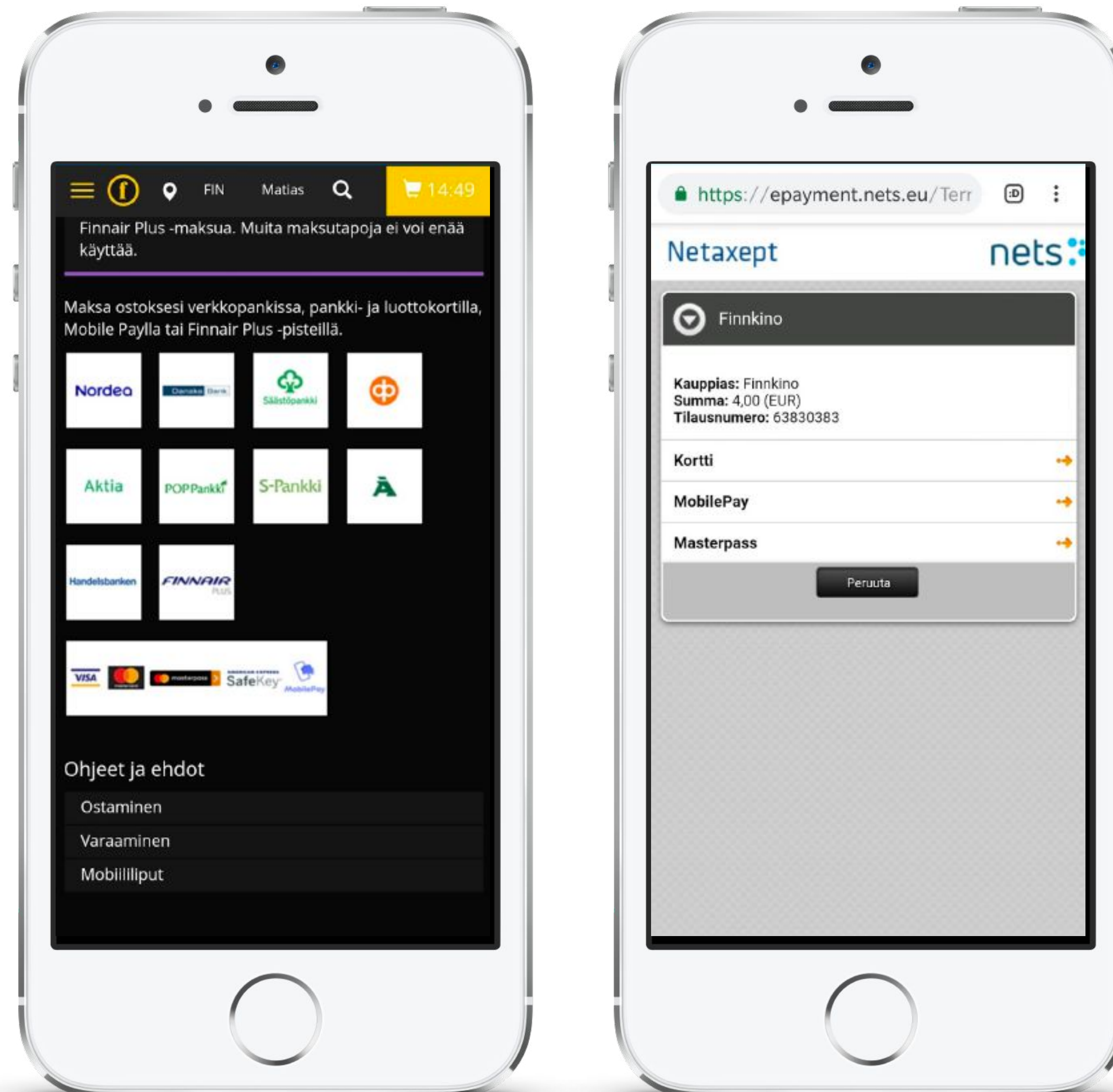


**...paved with good intentions**

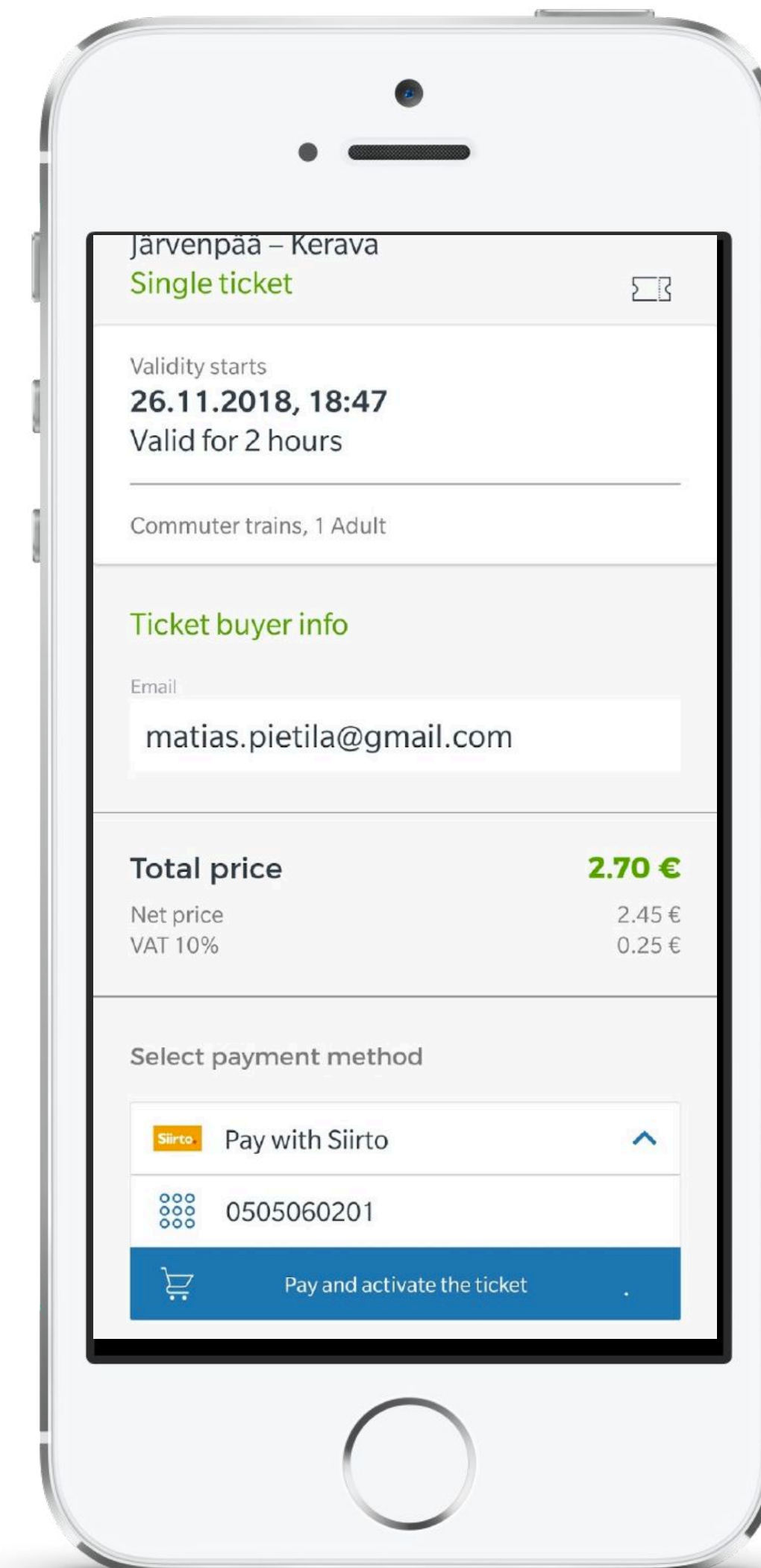
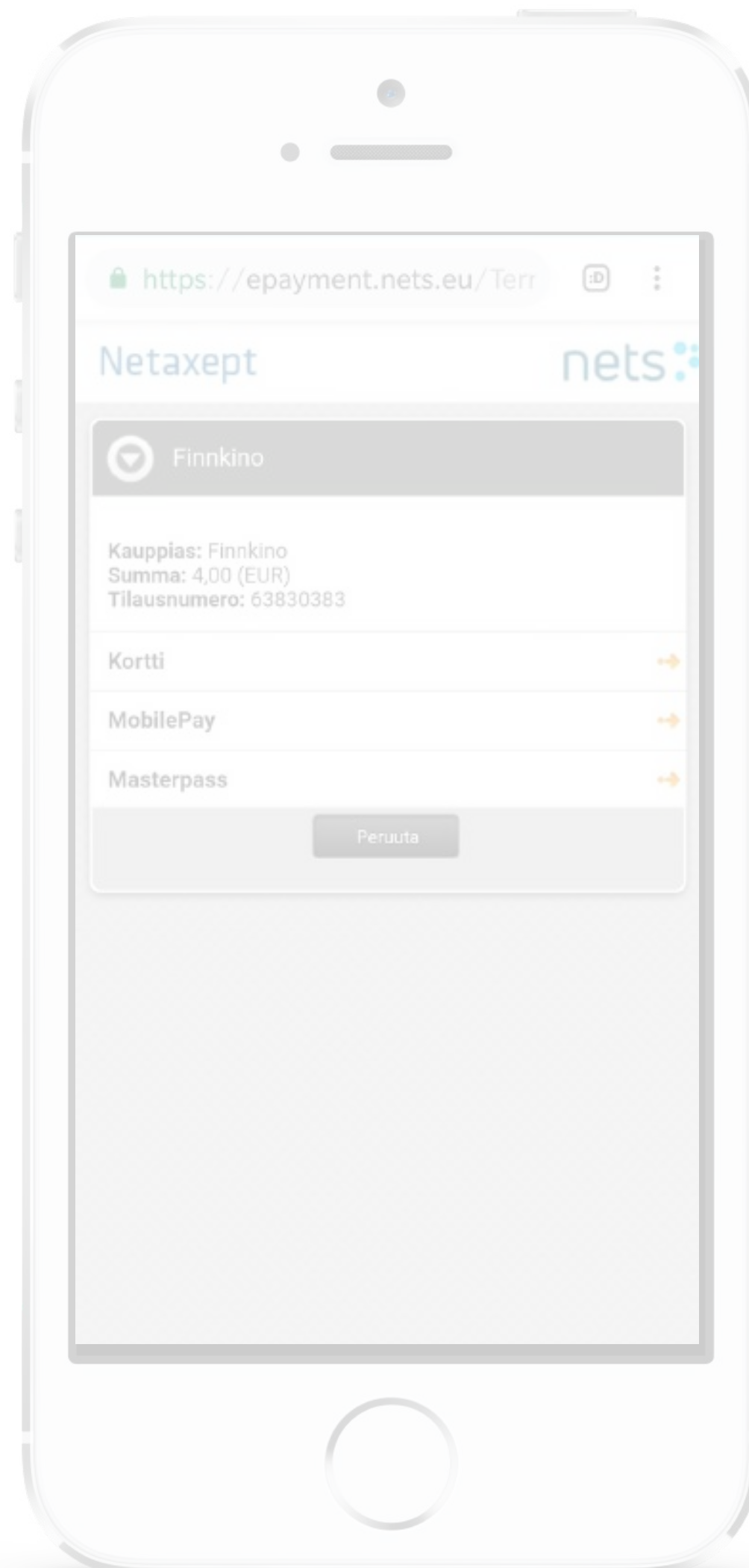
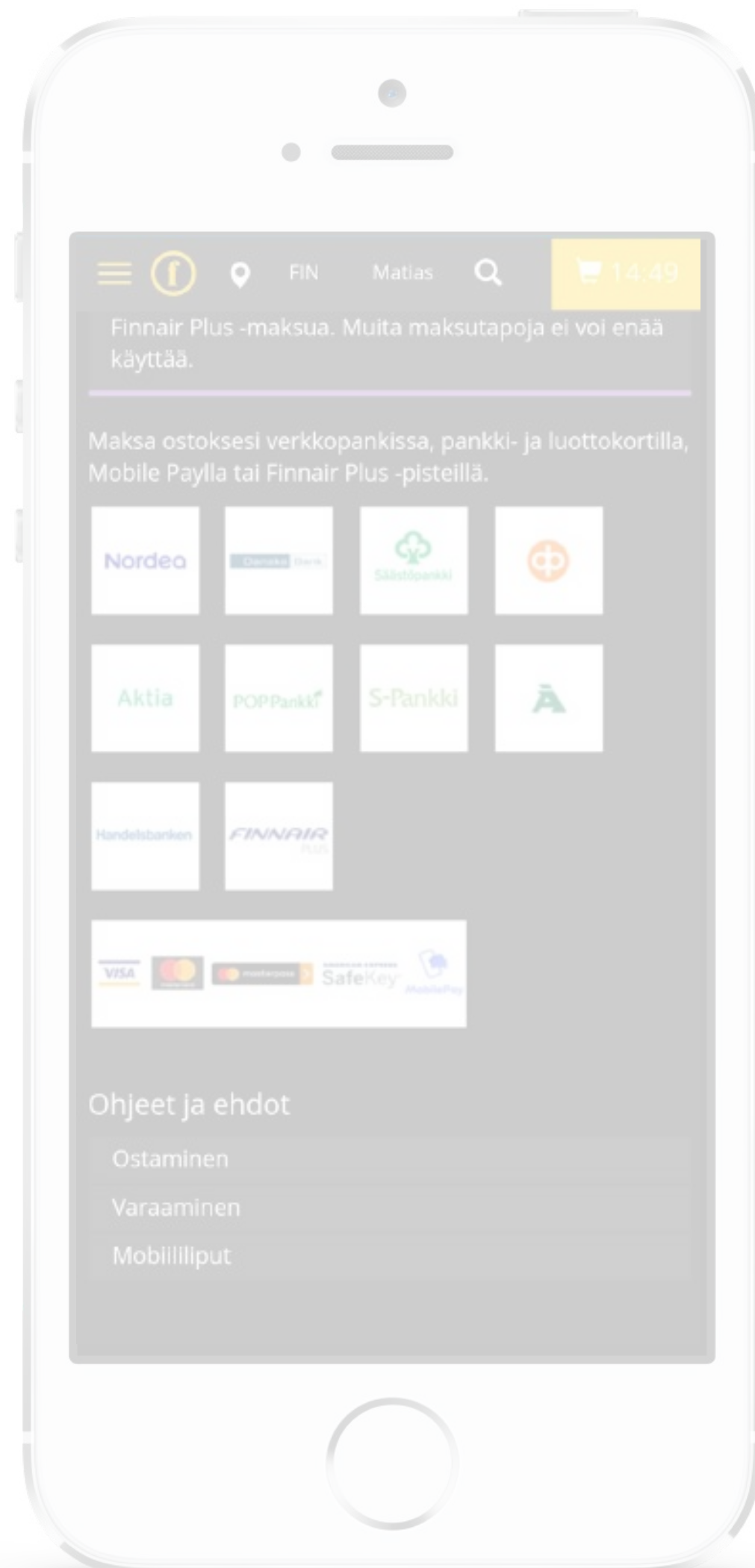
# **Don't make me think**



# Don't make me think



# Use smart defaults





### Ticket buyer info

Email

matias.pietila@gmail.com

### Total price

**2.70 €**

Net price

2.45 €

VAT 10%

0.25 €

### Select payment method



Pay with Siirto



0505060201



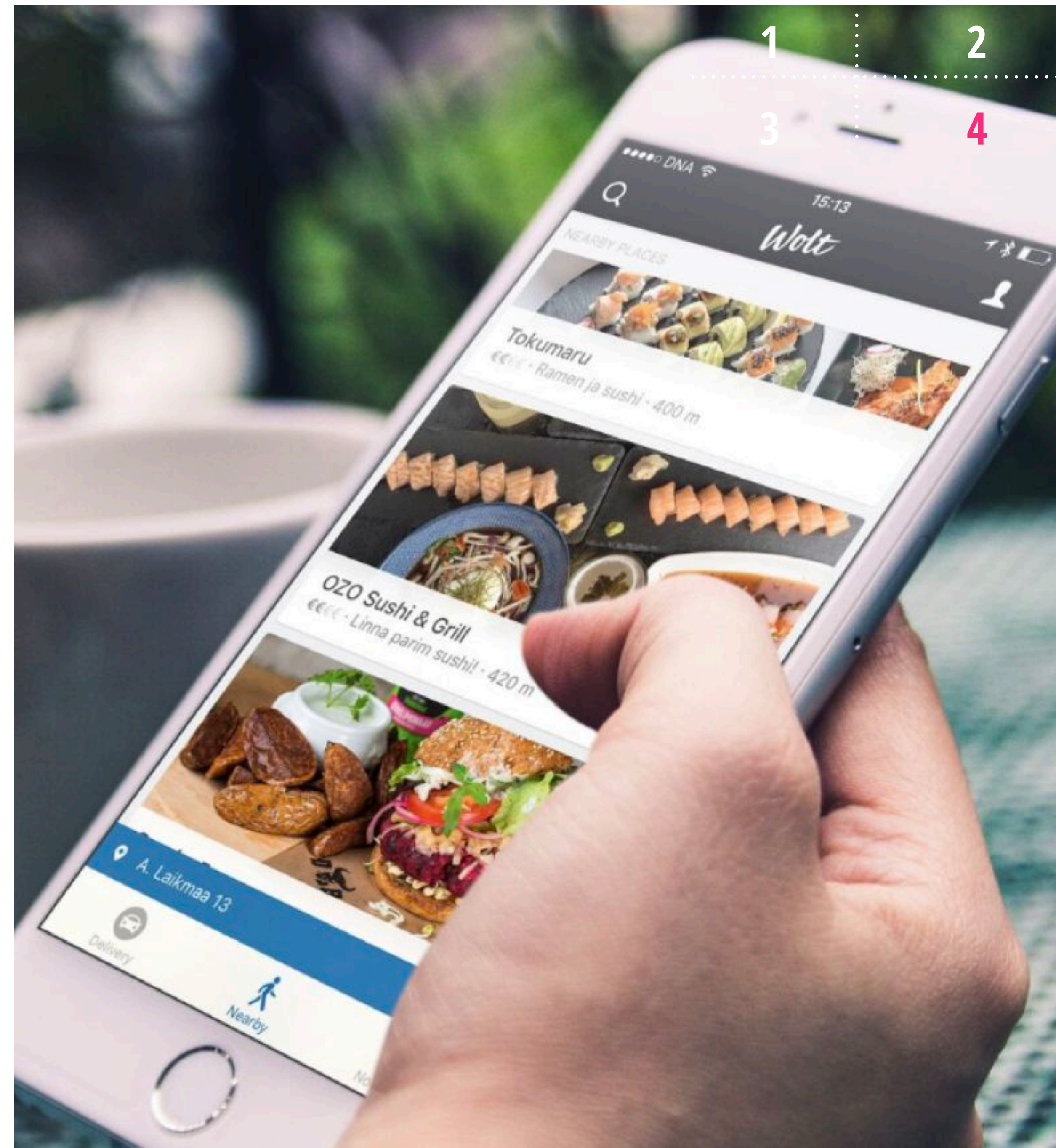
Pay and activate the ticket



# Combining tokenisation & wallets

If the user has Apple Pay set up, Wolt uses that by default, minimising the onboard hassle.

If the user doesn't have Apple Pay enabled, it's never mentioned to keep things simple but the user is taken to Wolt tokenisation flow instead (i.e. take a photo of your credit card).





# **Seamless payment experience – also after PSD2**

**Credit card  
tokenisation**

Enabling one-click payments

**Mobile  
wallets**

Benefits beyond  
payments

**PSD2 & future  
opportunities**

...and threats





PURPOSE OF PAYMENT SERVICE DIRECTIVE 2

**CREATE MORE OPENNESS AND  
FOSTER COMPETITION BY  
INCREASING REGULATION**





PURPOSE OF PAYMENT SERVICE DIRECTIVE 2

CREATE MORE OPENNESS AND  
FOSTER COMPETITION BY  
INCREASING REGULATION

(IT SOUNDS SO BIZARRE IT JUST MIGHT WORK)



# **When is it applied?**

**In European  
Economic Area  
(EEA)**

**When both issuer  
and acquirer are  
located in EEA**

**Customer-  
initiated online  
payments**



# PSD2 implications for merchants

**SCA  
requirements**

Relevant in the short-term

**New payment  
methods (A2A)**

Relevant in longer term (details  
still unclear)



# SCA will hurt conversion

**19% to 57%**

MasterCard expects the share of 3DS transaction to triple as a result of SCA

**11%**

Average drop-off rate in EU when 3DS is used



# Strong Customer Authentication

What internet businesses need to know about the new European regulation



Michael Cocoman & Olivier Godement

Michael Cocoman is Head of Regulatory at Stripe and works on expanding our global product offering. Olivier Godement is a Product Manager at Stripe who drives authentication efforts to help businesses prepare for Strong Customer Authentication.

*Last updated on 15 May 2019*

On 14 September 2019, new requirements for authenticating online payments will be introduced in Europe as part of the [second Payment Services Directive \(PSD2\)](#).

In this guide we'll take a closer look at these new requirements known as Strong Customer Authentication (SCA) and the kinds of payments they will impact. Finally we'll cover the exemptions that can be used for low-risk transactions to offer a frictionless checkout experience.

We've published a [separate guide](#) on designing payment flows for SCA to help you identify when to add authentication in your customer journey. You can also [watch our webinar](#) to see our SCA experts deep-dive into the regulation, or click [here](#) for more information on Stripe's SCA-ready products.

## Introduction

What is Strong Customer Authentication?

When is Strong Customer Authentication required?

How to authenticate a payment

Exemptions to Strong Customer Authentication

## STAY UPDATED ON STRONG CUSTOMER AUTHENTICATION

We're working closely with policymakers, regulators, and the wider

payment ecosystem. By using this website, you agree to our [cookie policy](#)

Sign up

GET NOTIFIED

Worth reading!

[https://  
stripe.com/en-dk/  
guides/strong-  
customer-  
authentication](https://stripe.com/en-dk/guides/strong-customer-authentication)



# SCA exemptions

Trusted beneficiaries

Low transaction value ( $< 30 \text{ €}$ )

Transaction risk analysis

Recurring payments

Contactless payments

Corporate payments

Merchant-initiated transactions  
(MIT)

MOTO





**Payment flow** (3DS1, 3DS2, ApplePay etc.)

**SCA exemption** (Low volume, subscription, trusted beneficiary etc.)

**Transaction characteristics** (Amount, on/off session, recurring / one-off etc.)

**PSP fraud rate** (<0.01%, 0.01 to 0.06%, 0.06 to 0.13%, >0.13%)

**Issuer implementation** (Nordea, OP, Danske, Amex, etc.)

**Card network rules** (Visa, MasterCard, Amex, etc.)

**National regulator's interpretation** (Local regulators)

**EU regulation**



# Strong customer authentication after PSD2

**1st party mobile  
wallets**

Apple Pay, Google Pay

**=> No separate SCA needed**

**3rd party mobile  
wallets**

MobilePay, Klarna, PayPal etc.

**=> Depends on who you ask**

**Tokenised cards**

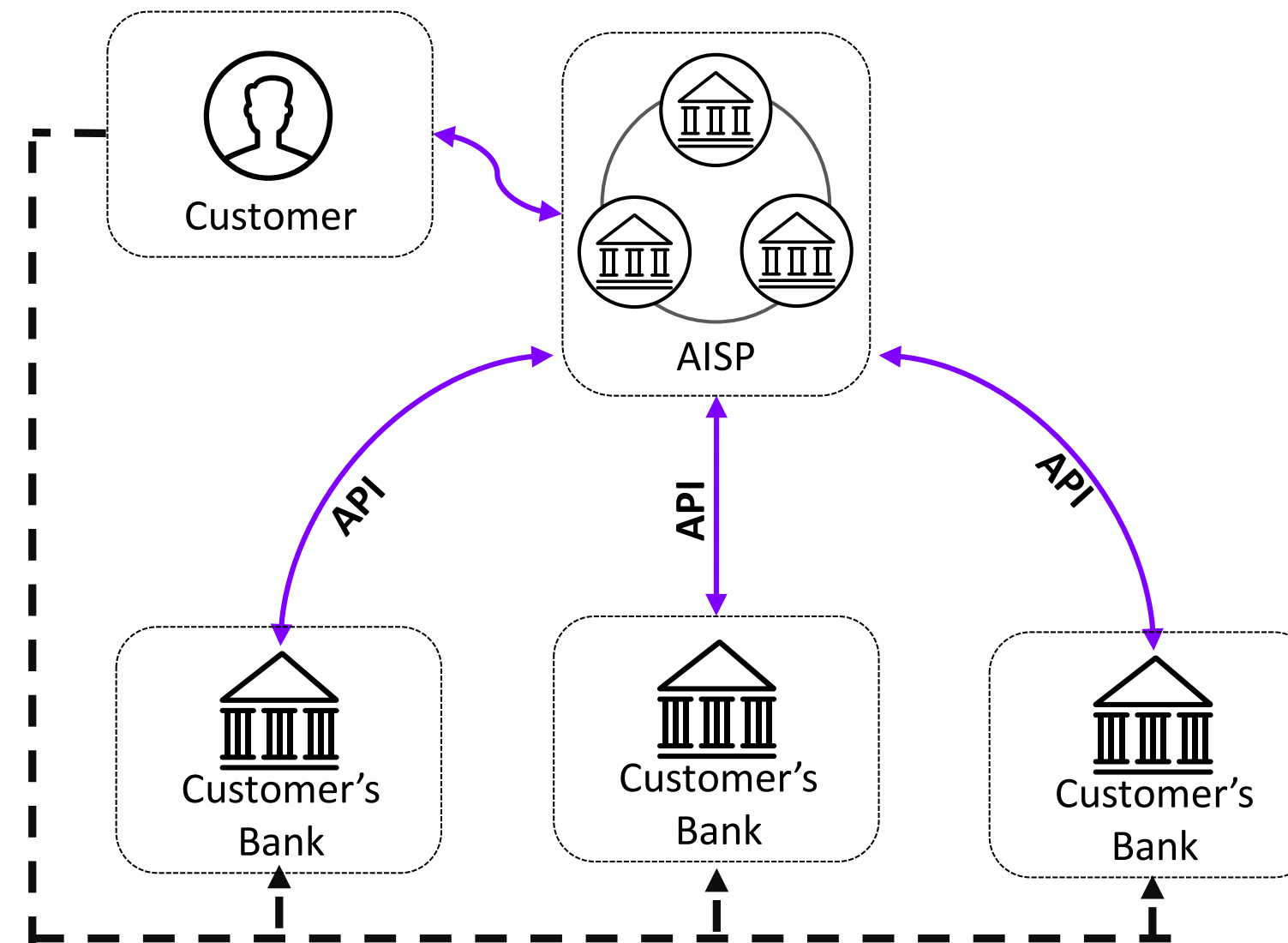
"Remember my card" option in  
many services

**=> SCA done by the issuer, i.e.  
typically bank  
authentication**



## Third-party account access

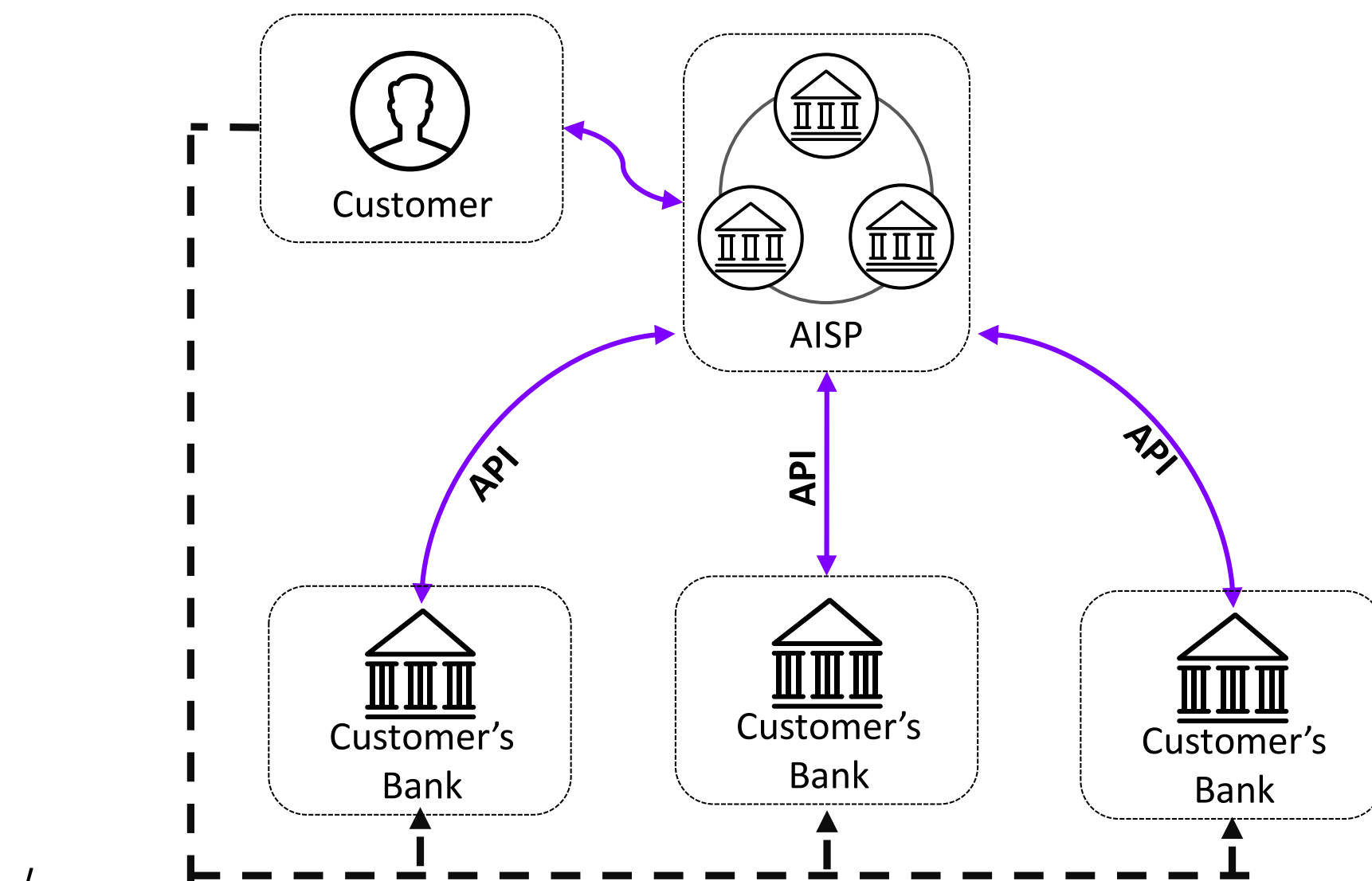
An updated interaction model including an Account Information Service Provider (AISP)





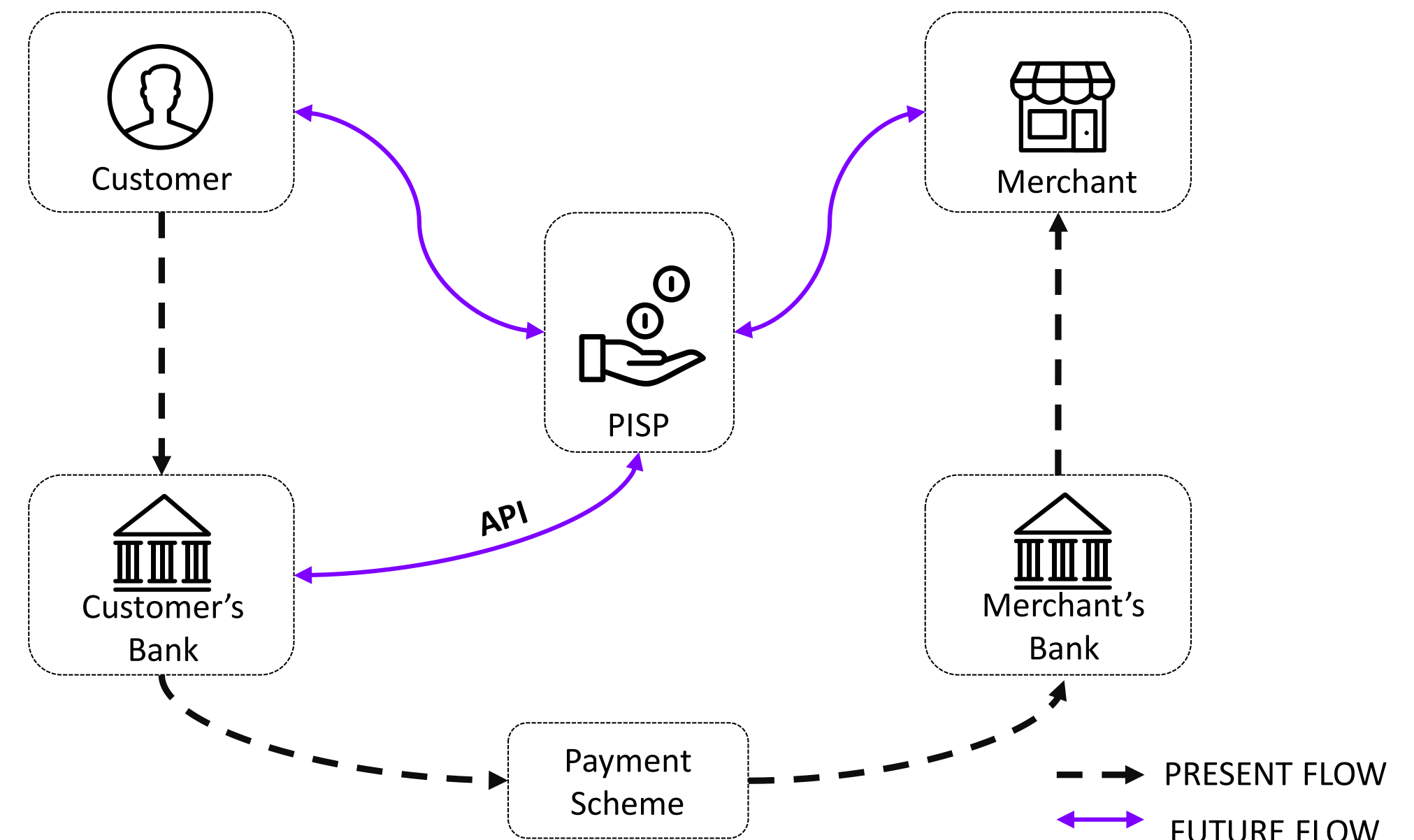
### Third-party account access

An updated interaction model including an Account Information Service Provider (AISP)



### Third-party payment initiation

An updated payment model including a Payment Initiation Service Provider (PISP)



**THIS MAY BECOME RELEVANT FOR MERCHANTS AS WELL!**



What will it cost?

“Details are still unclear but certainly it should be cheaper than current card and online bank payments”

– *PSP representative*

**PSP requirements before**

**Competitive  
pricing**

**Solid uptime**



## PSP requirements before

**Competitive  
pricing**

**Solid uptime**

## PSP requirements now

Tokenised cards

Support for relevant  
wallets (n.b.  
international  
customers, too)

Seamless integration  
for optimal UX

Native SDKs

Revenue uplift  
mechanisms

Support for  
omnichannel

Fast development  
cadence (rather  
weekly than yearly  
releases)

Smart way to utilise  
SCA exemptions

Low fraud rate

Smart analytics

Solid PSD2 and A2A  
plan

3DS 2.x and  
exemption handling

# **Recap: Seamless payment experience – also after PSD2**

## **Credit card tokenisation**

Do use this but pay attention to SCA exemptions to keep your payment flow seamless.

## **Mobile wallets**

1st party mobile wallets will likely provide superior experience in the short term.

## **PSD2 & future opportunities**

It will take a while before everything works smoothly. Keep an eye on PISP operators.

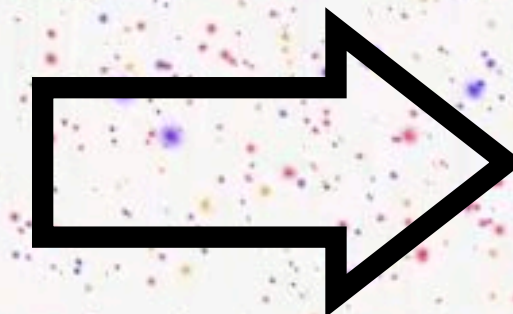


**QVIK**

**Likely no time for questions now**

**Feel free to get in touch to  
discuss more!**

**IN CASE YOU WANT TO GET THE  
SLIDES OR GET IN TOUCH**



**Matias Pietilä**

@mpietila  
[matias@qvik.com](mailto:matias@qvik.com)  
[matiaspietila.com](https://matiaspietila.com) (blog)