

Guaranteed Direct Debit as payment method (ELV)

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Cards, Payments and Mobile

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PLUS-FORUM.COM

Consulting services in Europe



Payment Services

Value Added Services

Self Service

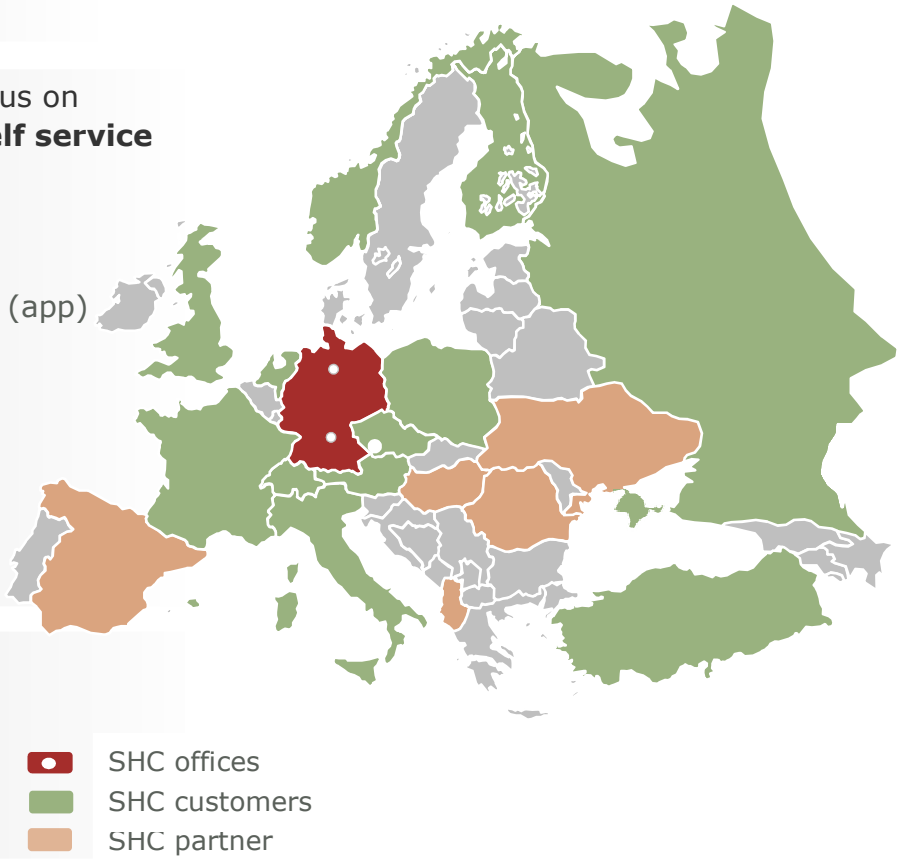
eHealth

Founded in 2007 by Robert Heinz and Michael Stolle

Core Competencies:

- ...of financial service industry and retail with focus on **payment services, value added services, self service and eHealth**
- Business and product development
- Strategy and market entry
- Value added services and reach marketing (app)
- Program and project management
- Organization and process reengineering and optimization
- Operation management
- Tender support
- Test management
- Partner acquisition and management

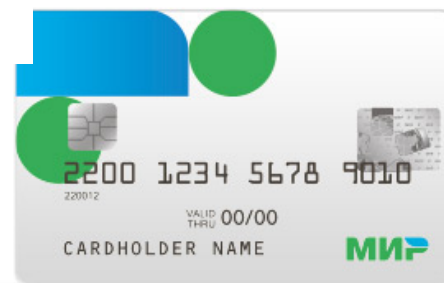
- Industry Verticals :**
- Banks and financial institutions as well as Fintech start ups
 - Retail and B2C and B2B service providers
 - Payment facilitator and providers
 - Mobile network operators





НСПК

НАЦИОНАЛЬНАЯ
СИСТЕМА
ПЛАТЕЖНЫХ
КАРТ



- **The national payment system from the NPCCS will be a strong competitor to the international schemes for the domestic transactions**
- **It will cost less for the Merchants and therefore grow fast in the acceptance rate**

Is there any other opportunity to strengthen the market and lower transaction costs for the Merchants?

The European Payment Schemes

SEPA Credit Transfer (SCT)

- SEPA push transactions
- Approximately 27 billion transactions in 2014

SEPA Direct Debit (SDD)

- SEPA pull transactions
- Approximately 22 billion transactions in 2014

SEPA Cards

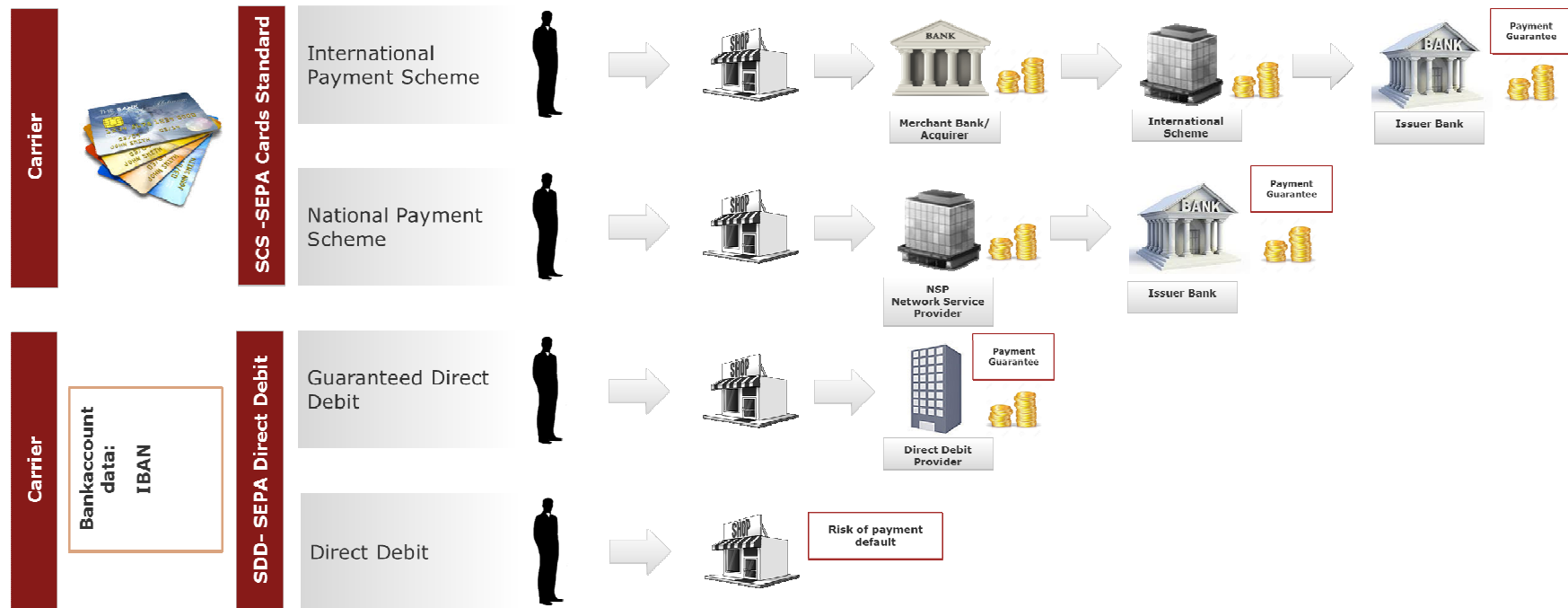
- SEPA Card Transactions
- Approximately 47 billion transactions in 2014

SEPA Members



The 3 core instruments provide the basis for a multitude of payments solutions throughout the SEPA area. Major changes on the transaction numbers could also derive from the upcoming PSD 2 and the perspective of opened markets.

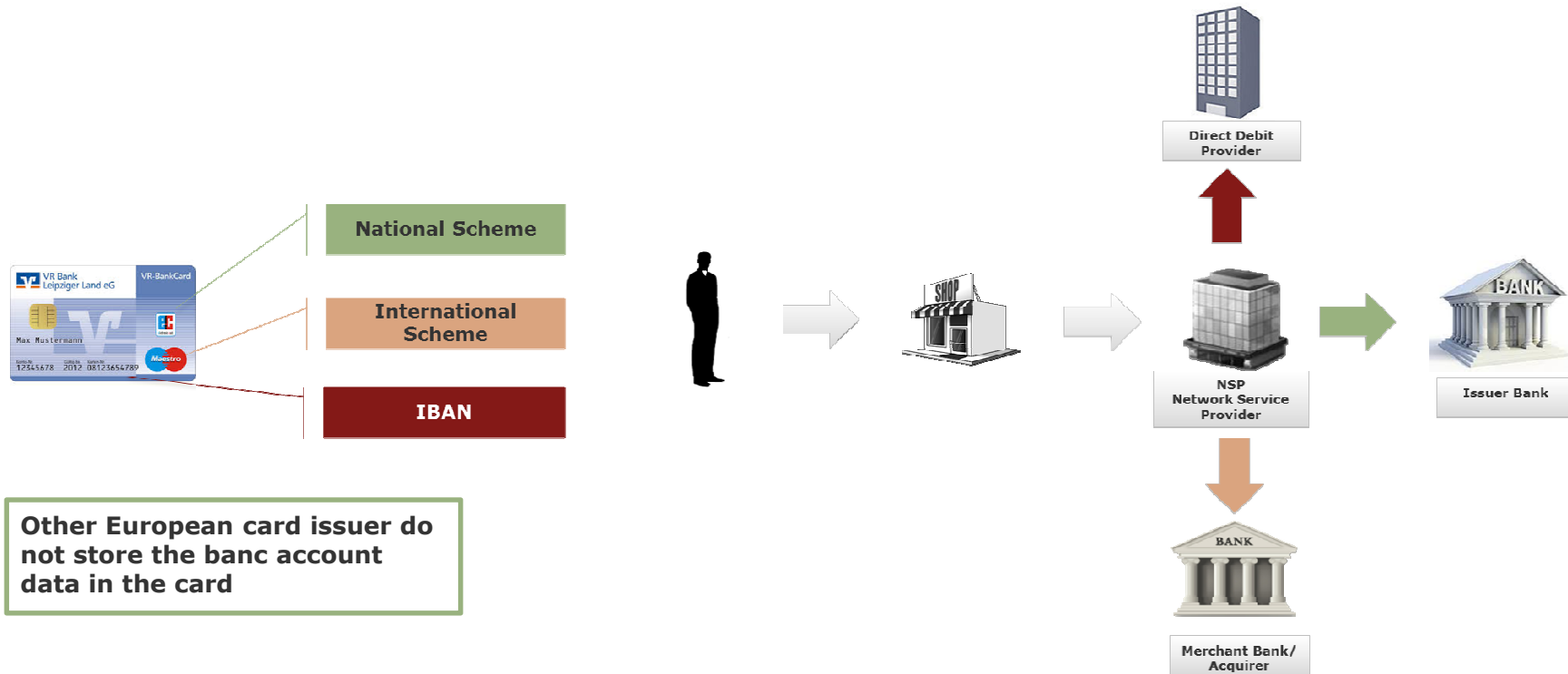
Authorization of Payment



The authorization process in direct debit does not involve the issuer or any central scheme processor shortening the value chain participants and therefore costs. Banks are involved directly in the settlement process. ELV Transactions are processed from 1. Feb 2016 only on basis of IBAN (SEPA conform)

ELV- Direct Debit in Germany

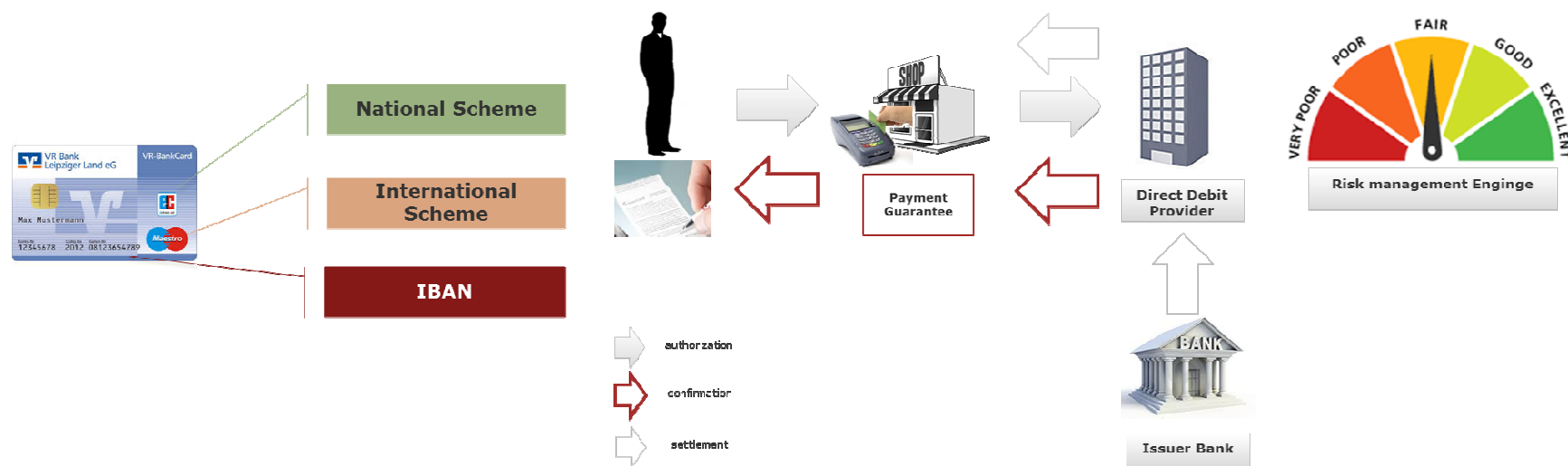
SHC



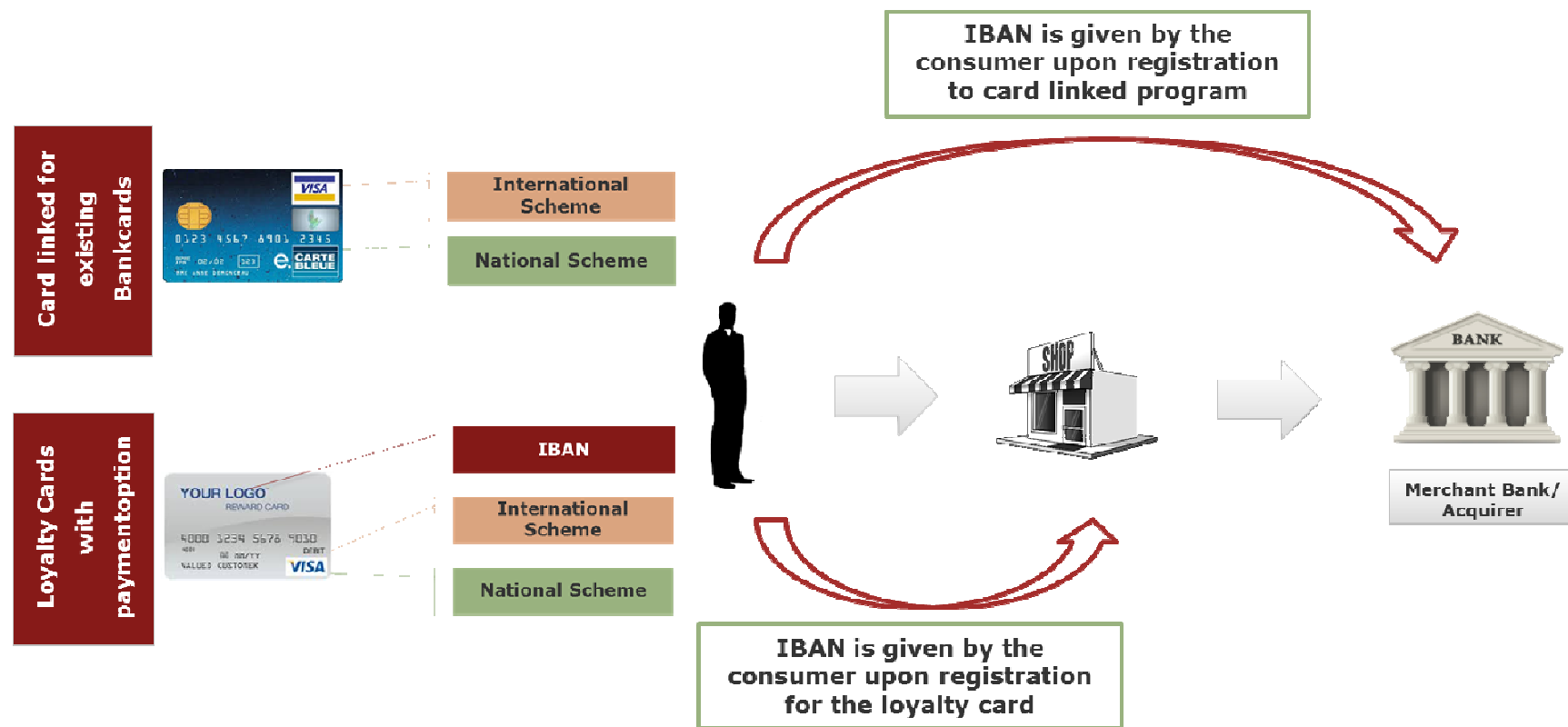
Other European card issuer do not store the banc account data in the card

**In Germany the account information is stored in the card and is readable through the POS due to a ruling of antitrust authorities.
The NSP can decide what kind of transaction he is going to perform based on the contract with the merchant (seamless for the payer).
The NSP will initiate a Direct Debit transaction and use the national card scheme as a fallback.**

Process flow of guaranteed direct debit

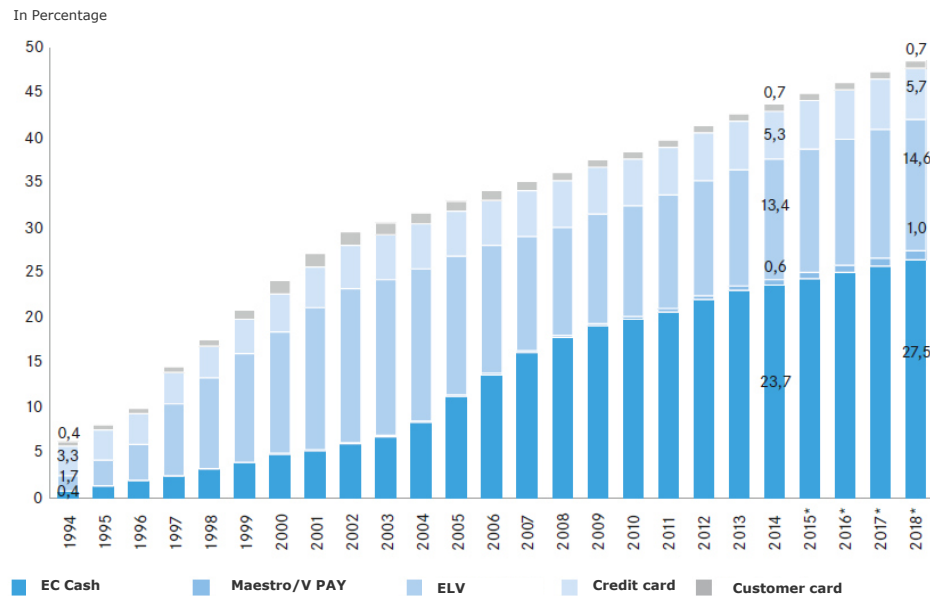


The consumer mandates the direct debit transaction via signature. (digital or on paper)
The risk engine runs based on credit scoring data as well as data of the transactions history of the used card.
The direct debit provider initiates a pull transaction from the Issuer bank for the settlement and allocates the funds to the retailer.
If the risk assessment is negative the national scheme (via Chip and Pin) will be used as fallback.



The Provider will have the possibility to perform direct debit transactions with a national or international scheme as fallback. Direct Debit could also be performed without a fallback. In this case transactions could be simply denied upon negative risk assessment.

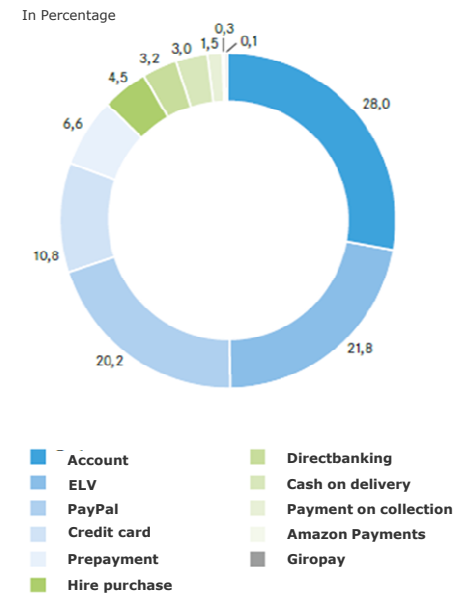
Volume of card based payment methods of POS retailer



*forecast

Source: EHI 1995-2015

Volume of different payment methods in online retailer 2014



Source: EHI Online Payment Survey 2015

**Direct Debit is mainly processed by providers for medium tickets due to risk management considerations:
Average ticket size EC Cash (47,73 €); Credit card (56,61 €); ELV - direct debit (40,82 €)**

1.

Direct Debit with payment guarantee as a payment method is a very competitive payment solution

2.

Strengthen the position of the payment provider and open the gates to innovation

3.

Offering better and more efficient payment methods to the merchant would increase the readiness of merchants to accept cashless payments

4.

Strengthen the position of the merchants by introducing card linked or loyalty cards payments via direct debit

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