



MasterCard
Worldwide

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16 April 2013

A photograph of a person's hands holding a white smartphone. The person is wearing a light blue shirt. The background is blurred. The image is used as a background for the slide.

MasterCard Mobile Payments

ZF Mobilio 2013

Mobile Payments

Proximity payments (typically NFC, but other forms also)

- Payer (consumer) and payee (merchant) are at the same location



Remote payments (initiated from a mobile application)

- Payer and payee are at different locations (includes mobile banking and mobile websites)



Auxiliary services (authentication, couponing etc.)

- Not specifically payments, but drive an actual payment

New payment breed

Digital Wallets

- Improve consumer experience by replacing the “reach out for the wallet” gesture with a simplified and secure action
- Several wallets are already famous (PayPal, Amazon 1-click, iTunes, Google Checkout)
- The current development is gaining great speed and we are already living the “**war of wallets**”
- Large merchants, MNOs, PSPs, banks, startups etc. are designing, implementing, launching or commercializing their own wallets in an attempt to bring consumers closer
- The technological and commercial developments are very fast and all these players are looking to **disrupt** the current payment models

Evolution of Wallets

Convergence

- All wallets feature some form of **card details storage**, with varying degrees of security and convenience
 - Server-based
 - Handset-based
 - Hybrid Server-Handset
 - Secure Element
- The most secure and convenient storage is the purposely built **Secure Element**, used in NFC payments
- Across the industry all agree on the importance of mobile phones in the future of payments, many experts already announcing the demise of plastic
- MasterCard expects that the Secure Element on mobile phones will ensure the convergence of wallets around EMV, while the mobile will become the main vehicle for payments

Key Success Factor

Interoperability

- The more wallets out there, the more difficult life for merchants and the bigger **confusion** for consumers
- Merchants will need to consider which wallets to integrate and incur the **costs of integration**, while not being sure on the return
- Consumers will be forced to register in many wallets to be in line with the merchant integrations
- The outcome will be that neither the merchants, nor the wallets operators, nor the consumers will get the most of their effort
- The answer to this problem is **interoperability**, where any wallet can be used at any merchant

What is MasterCard Mobile

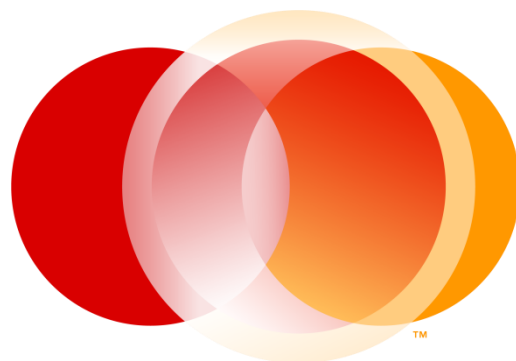
Enabling mobile remote payments

- MasterCard has developed a **framework** which specifies requirements and best practices in this sector
- MasterCard ensures that mobile payments follow security requirements, while ensuring a consumer-friendly experience
- MasterCard distinguishes 2 operating models, depending on who performs the consumer authentication:
 - Issuer Domain
 - Acquirer Domain
- This framework introduced the concept of **Service Managers** which are companies operating mobile payment platforms
- Service Managers who are compliant with MasterCard standards receive the right to use the **MasterCard Mobile** brand

Focus on Interoperability

Maximize business opportunity

- MasterCard expects that many mobile wallets will be launched on short to medium term
- These wallets will compete for consumer preference by providing differentiated and attractive content
- In order to avoid consumer confusion and ensure merchant efficiency these wallets should be interoperable
- *MasterCard Mobile* provides interoperability which ensures the consumers that as long as they see the *MasterCard Mobile* brand they can use whatever wallet that displays the same brand
- *MasterCard Mobile* becomes the **wallet acceptance brand**, bringing the success of interoperable electronic payments into the world of wallets



MasterCard Worldwide

The Heart of Commerce™