

wirecard

Digitization of payments

Tokenization, wearables and IoT

Prag, Oct 23rd, 2019

Wirecard at a glance

Wirecard is a leading player in the payments industry with 20 years of experience.



1999

Foundation



> 5,300

Employees worldwide



34

Average age of employees



45

Different nationalities



€125bn

Transaction volume 2018



> €2.0bn

2018 revenue



> 279K

Customers



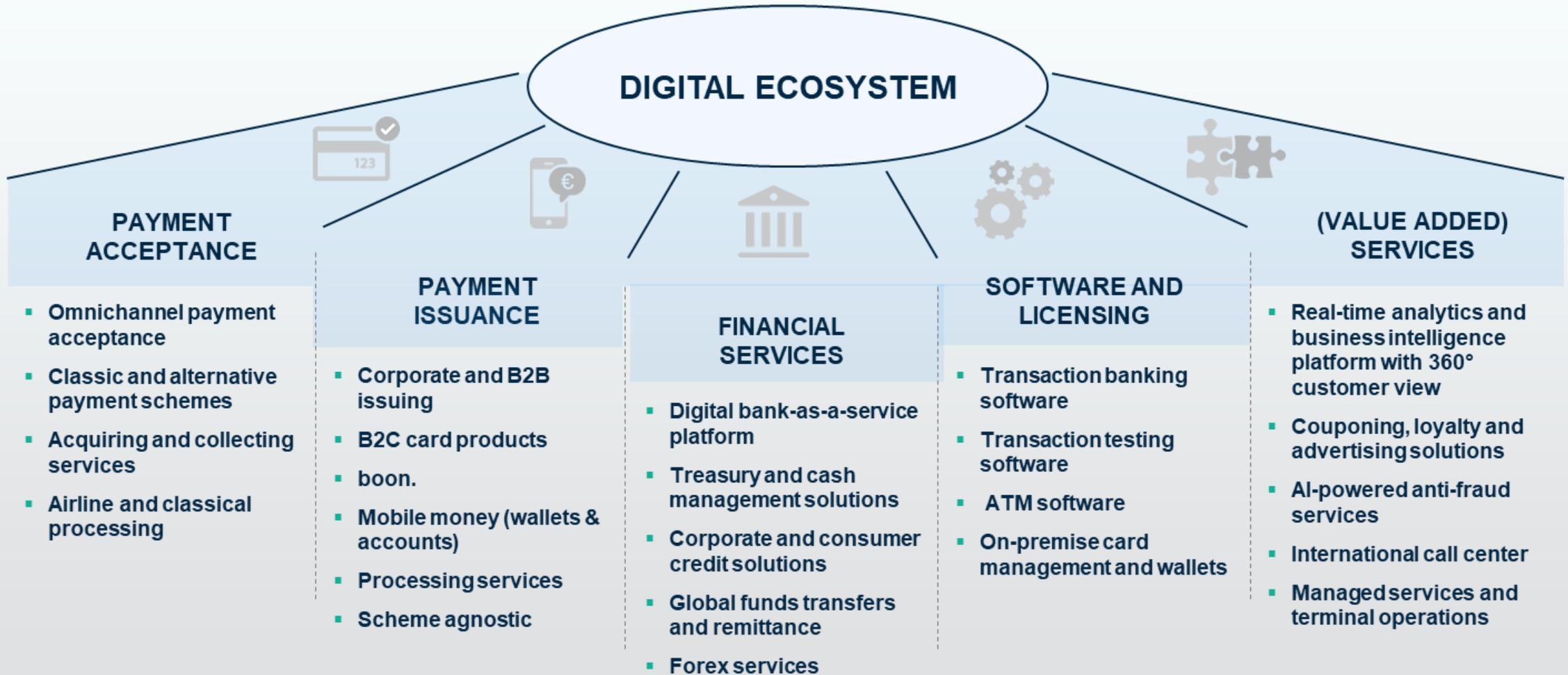
35m

Customer accounts

DAX

TecDAX

Wirecard Ecosystem



Regulation in Europe has undergone significant change recently



PSD2

- Adjustment of payment regulation to foster innovation in the payment space
- Introduction of strict security requirements for the initiation & processing of electronic payments and the protection of consumers' financial information
- 3DS (2 factor authentication) / SCA / TPP Access

Challenges

- Competition from new entrants
- Strong customer authentication
- Mandate and rights management
- Liability
- Lack of standardization and best practices



GDPR

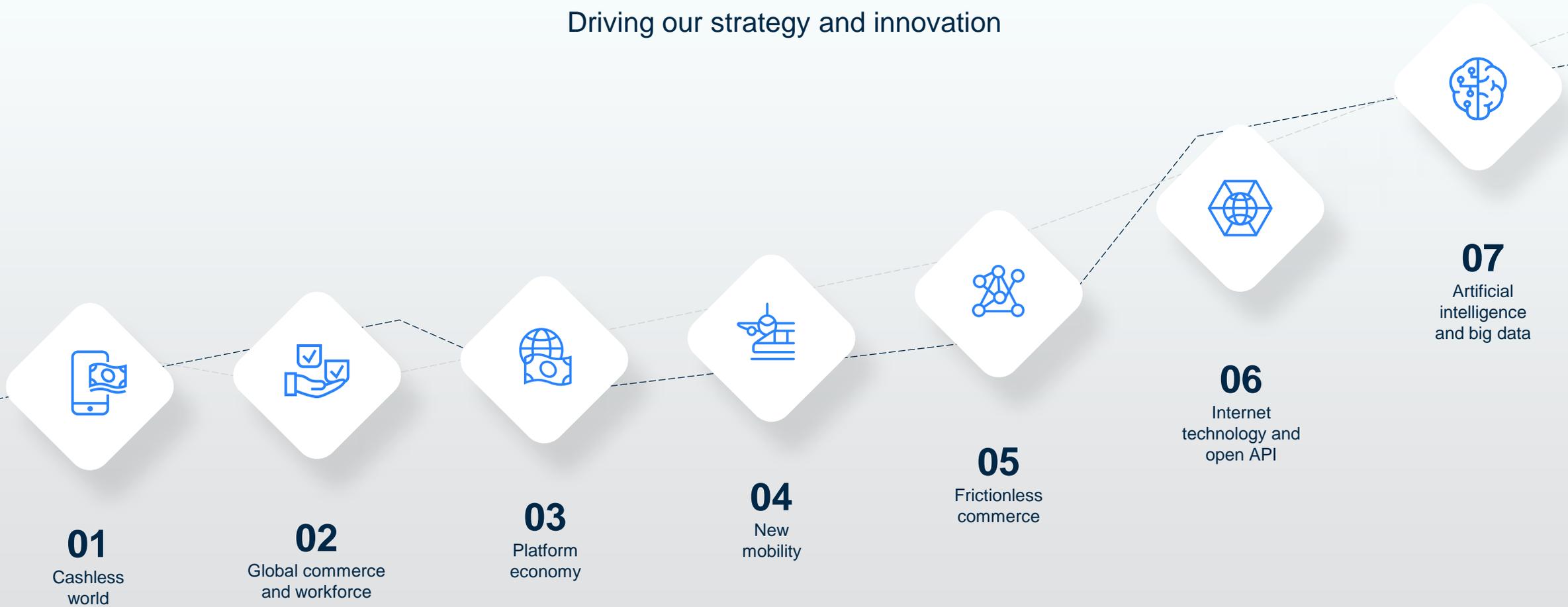
- Statutory order of the European Union regulating the storage, management and processing of personal data
- The goal is to harmonize data protection law within the EU

Challenges

- Many new requirements
- Data management
- Compliance and training
- System audit and assessment

Global megatrends

Driving our strategy and innovation



01/ Cashless world

Shift in payment types from cash to digital

Key drivers

Mobile e-commerce



Regulatory framework PSD2

Key learnings

- ✓ Development of new product solutions through PSD2
- ✓ Seamless and convenient customer experience with PSD2
- ✓ Huge demand for instant payments
- ✓ Lower market entry barriers for innovative tech solutions due to digital payment access for over 70% of population
- ✓ Substitution of cash through virtual currencies and mobile wallets with a 12.7% global CAGR
- ✓ Form-factor-independent payment solutions

02/ Global commerce and workforce

High-complexity payments and cross-border payment needs set to increase



Key learnings

- ✓ Increasing speed of economic cycles requires faster payment-related processes.
- ✓ Higher demand for instant onboarding and payment solutions
- ✓ Fluent transition between the roles of merchant and consumer
- ✓ Use of DLT especially in combination with payment and trade (hist. documentation technology)
- ✓ Worldwide KYC capabilities
- ✓ Focus on digital identities can unlock economic value of up to 13% of GDP in emerging markets

03/ Platform economy

Network and scale effects through E2E control of payment process and data flow

Key drivers



Key learnings

- ✓ Generate various data types from all accessible channels
- ✓ Digitized customer data analytics for a 360° customer view
- ✓ Focus on customer centricity and personalization
- ✓ Higher customer retention via loyalty is five times cheaper than attracting new customers.
- ✓ Expected €9,050B in socioeconomic value from B2B platforms (2016–2025E)
- ✓ External and internal benefits lower payment costs.

04/ New mobility

New mobility concepts and technologies will allow increasing digitalization of the industry

Key drivers

Integrated mobility

Connectivity



Autonomous driving (AD)

In-car purchases

Key learnings

- ✓ Surge in demand in “Mobility as a Service” (MaaS) sector
- ✓ Revenue in MaaS sector is projected to increase with a 31% CAGR to €336B in 2026.
- ✓ Autonomous driving revolutionizes the usage of ride time
- ✓ Time saved through AD used on in-car consumption of products and services
- ✓ Seamless diverse mobility and value-added services alter society and business models.
- ✓ Seamless mobility requires innovative and instant payment solutions.

05/ Frictionless commerce

Enabling consumers to shop seamlessly and as simply as possible

Key drivers



Key learnings

- ✓ 44% of companies follow the digital-first approach to improve a seamless and fully digitized CX.
- ✓ Focus on instant and intuitive onboarding process
- ✓ Unified platform approach
- ✓ Central data hub for analytics and processing
- ✓ 71% of frequent e-com shoppers also rely heavily on smartphones for in-store information gathering.
- ✓ Cross-sale value-added services to existing products

06/ Internet technology and open API

Improved customer journey and enhanced Internet connectivity for physical devices

Key drivers

Automated interaction

Open source



Regulatory framework

Processing and network capabilities

Key learnings

- ✓ With a forecasted CAGR of 19% the amount of connected devices will increase to 80B in 2025.
- ✓ Connected devices positively affect means of consumption and digital payments.
- ✓ Surge in requirements and volume of data transfers
- ✓ Advancement in processing and cellular networks due to forecasted 180 zettabytes of data in 2025
- ✓ Creating and connecting products with innovative service solutions
- ✓ Seamless customer journey through combining valuable data with products and services

07/ Artificial intelligence and big data

Storage, usage and understanding of very large data sets through AI set to unleash new areas of data analytics

Key drivers



Key learnings

- ✓ AI opens up new business opportunities for 31% of companies with new or increased market share.
- ✓ Consolidation of data in a single hub
- ✓ Business impact driven by AI and big data outcomes resulting in expected €250B global revenues in 2022
- ✓ Aggregation of various data sources and channels
- ✓ Key to generating customer value is transparent, efficient risk and fraud prevention.
- ✓ Application of AI valorizes and upscales data collection

Trends & geographical differences

- Different Countries approach banking and payment in their own ways
- Cultural differences will result in many flavors
- Wirecard: Benefit from global reach and leverage trends in different regions

Comparing Eco Systems




America

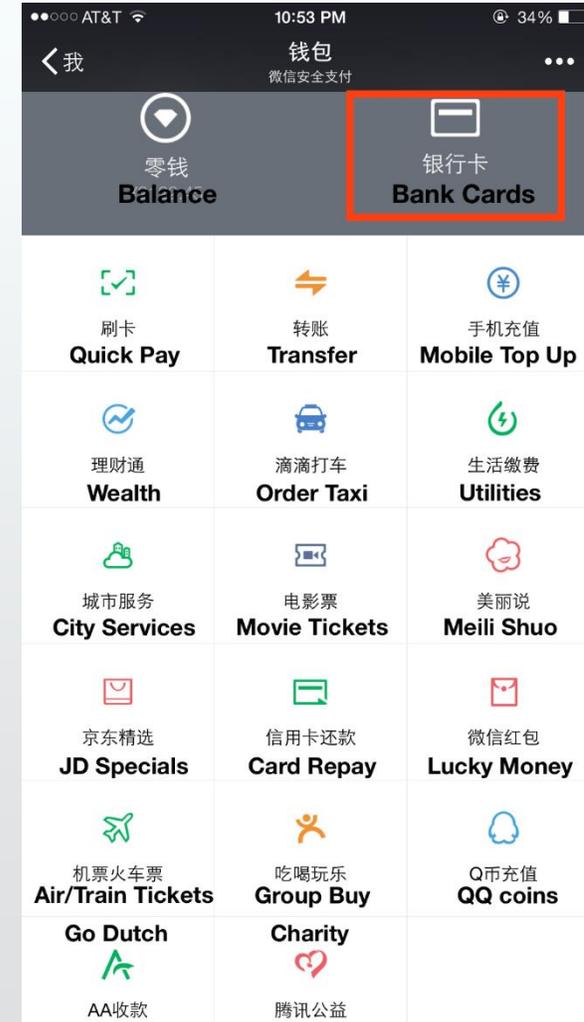
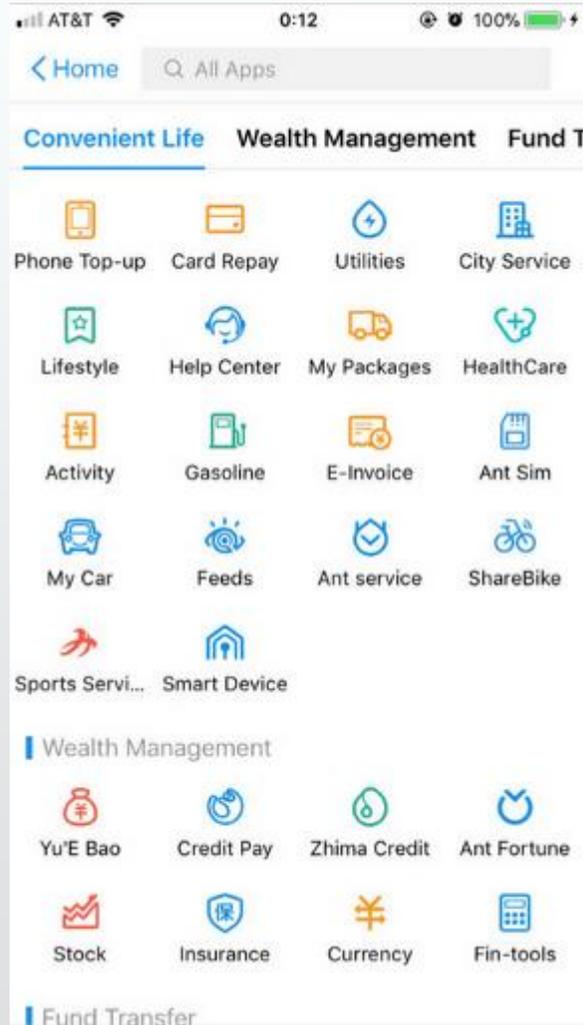
Social Life	Transfer	Taxi	Transportation
			
Credit Card Payments	Book a Flight/Hotel	Finance	Networking / Marketing / Dating
			
Chat/Messaging	Shopping	Charity	Doctor Appointment Utility Gifting
		N/A	N/A


China

One app covers all categories above


WeChat

Chinese Super Apps – bundling services

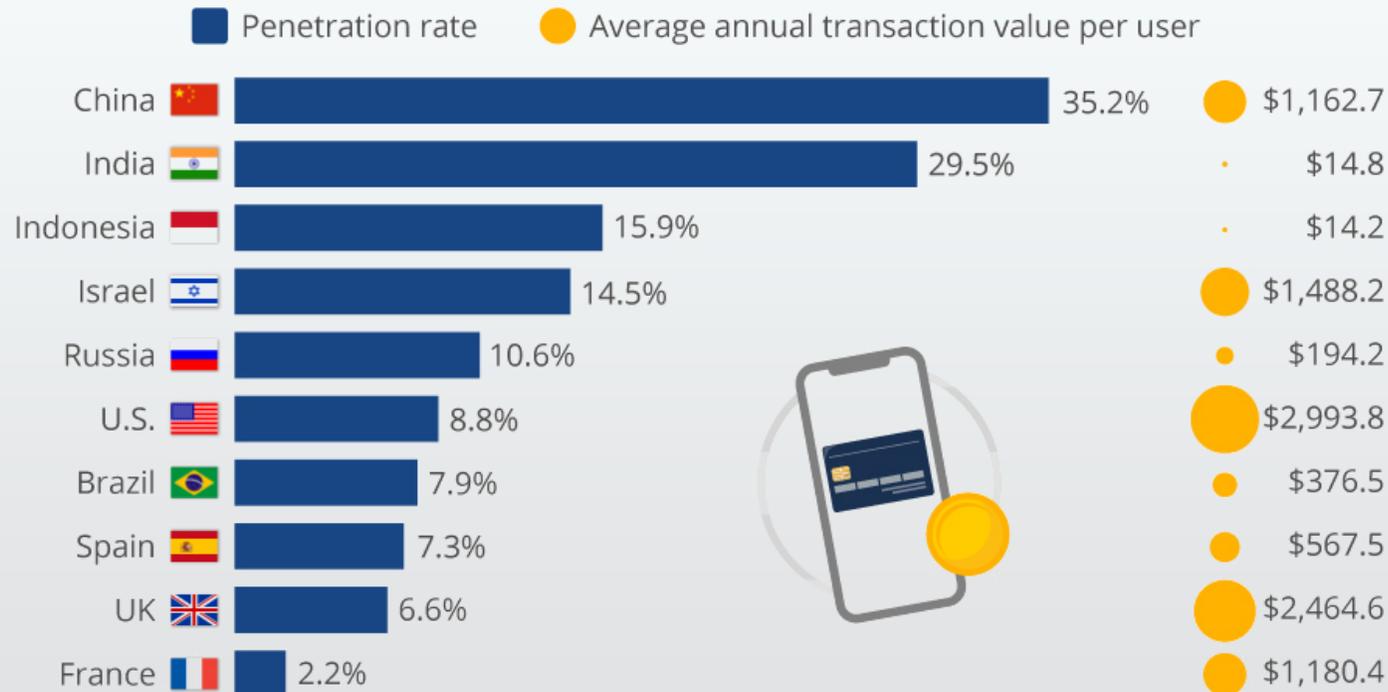


China is the leading mobile payment market



China's Mobile Payment Adoption Beats All Others

User penetration in the mobile point-of-sale segment in 2019* (selected countries)



Mobile payment transaction volume in China in 2018:

277 Trillion Yuan

Mobile payment market share in China in 2018:

Alipay 54%

WeChat Pay 38%

Other 8%

Monthly active users in China on WeChat and Alipay combined:

2017: 521 million

2018: 583 million

The Mobile POS Payments segment includes transactions at point-of-sale that are processed via smartphone applications (so-called "mobile wallets").

* projected figures, selected countries



@StatistaCharts

Source: Statista Digital Market Outlook



Users and Transaction Volume



Users:
600+ million

Devices supported:
All Smartphones



Users:
127 million

Devices supported :
Iphone, Apple Watch



Users:
806 million

Devices supported :
Most Smartphones



Users:
24 million

Devices supported:
All Smartphones



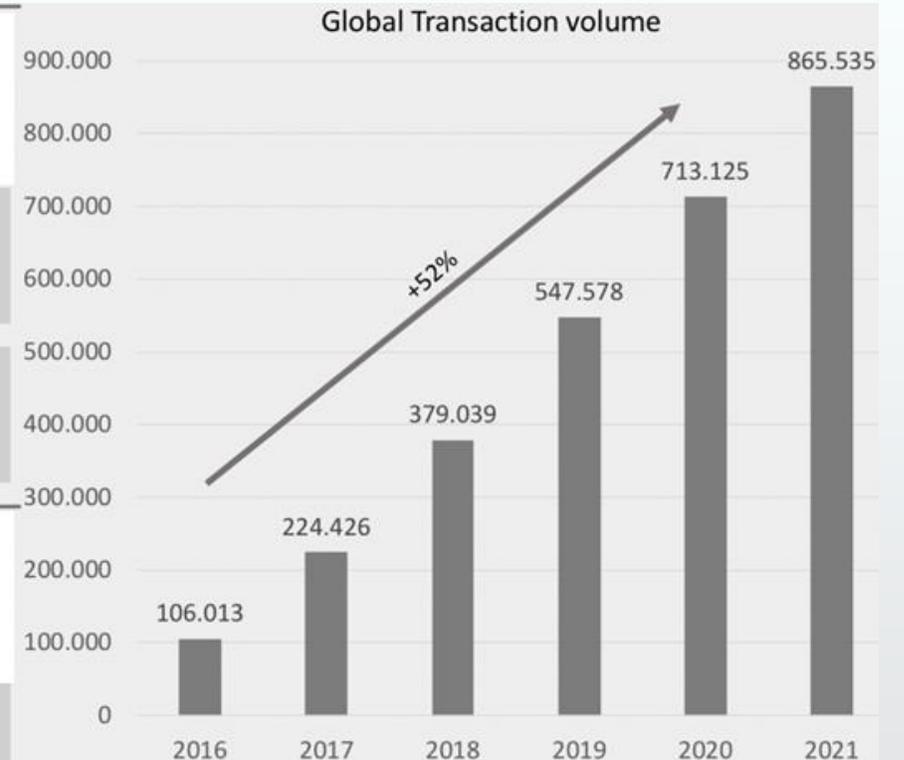
Users:
100 million

Devices supported:
All Smartphones



Users:
34 million

Devices supported:
Android



Transaction Volume worldwide:
2.956.778 Mio €

The background features a complex network of thin grey lines connecting various grey dots of different sizes, creating a web-like pattern across the entire slide.

THANK YOU FOR YOUR ATTENTION

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