

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



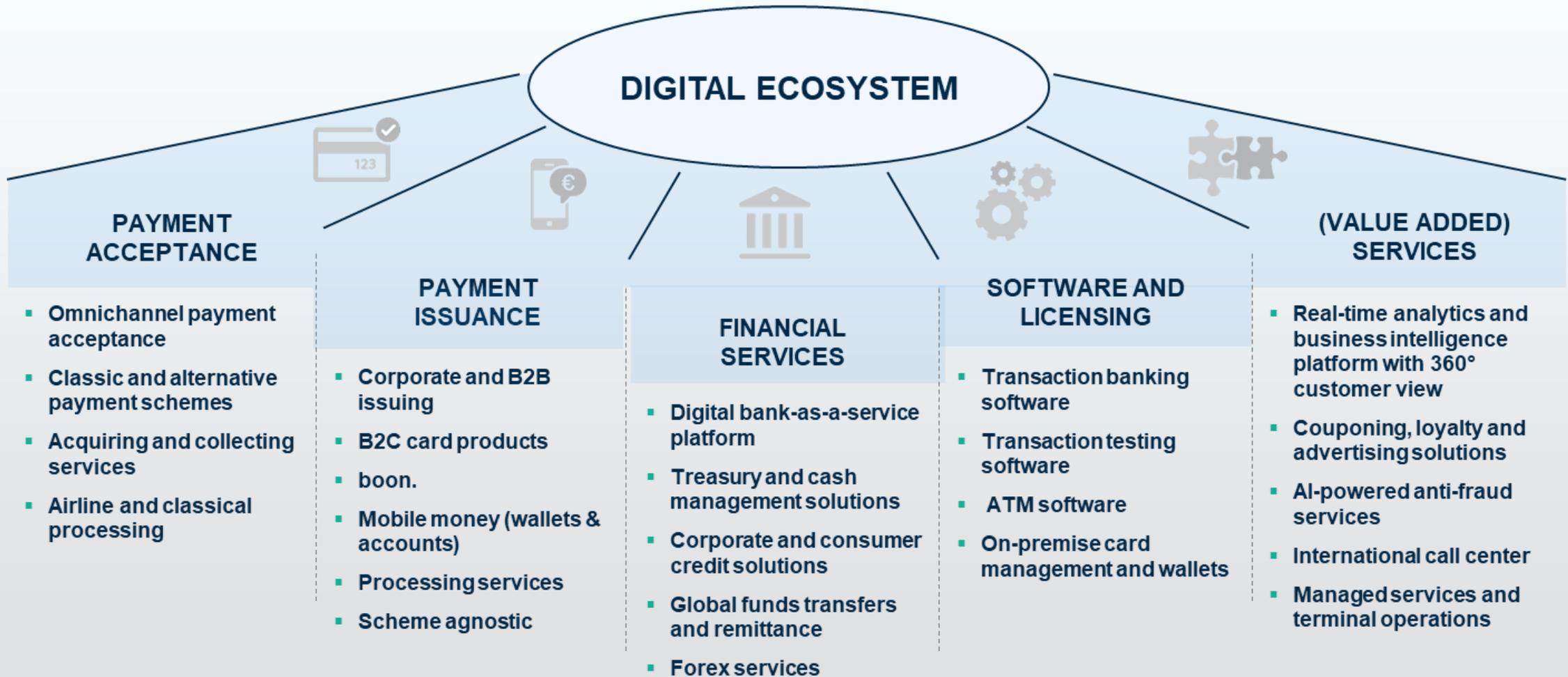
35m

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

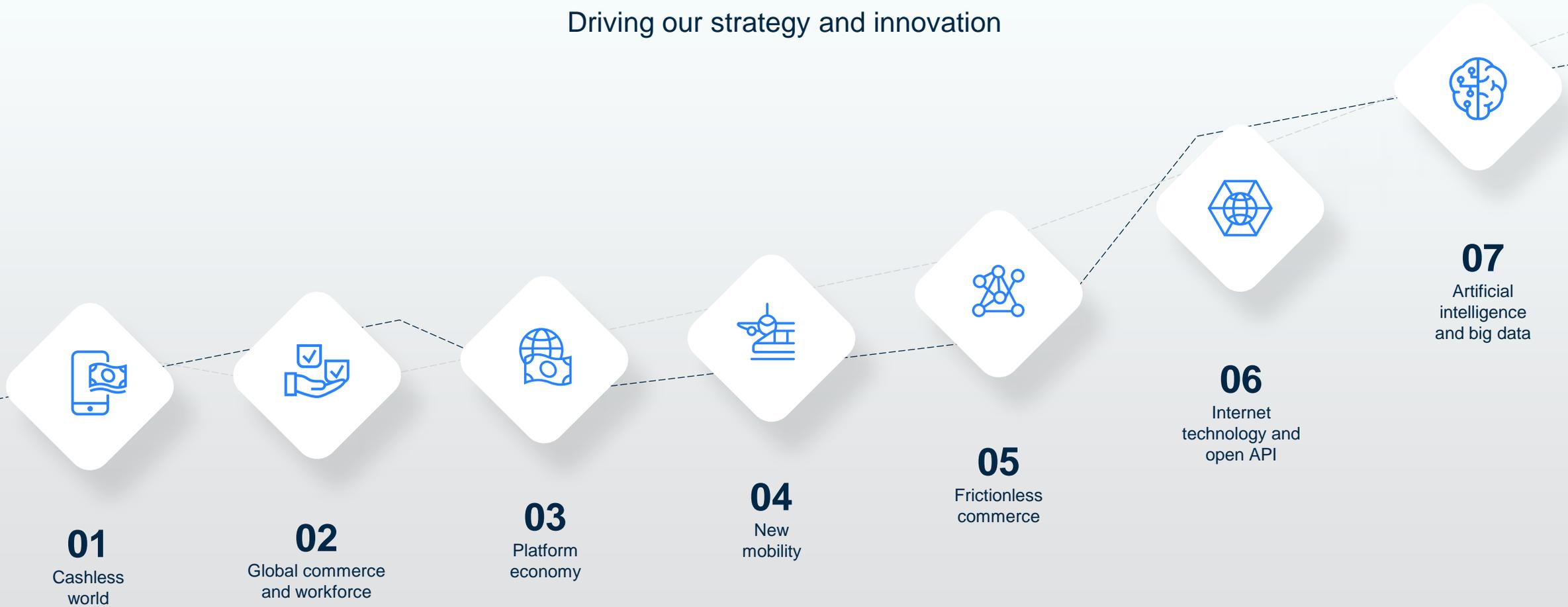
- Statutory order of the European Union regulating the storage, management and processing of personal data
- The goal is to harmonize data protection law within the EU

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

Computing power

Endless data



Algorithmic excellence

Neural networks

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

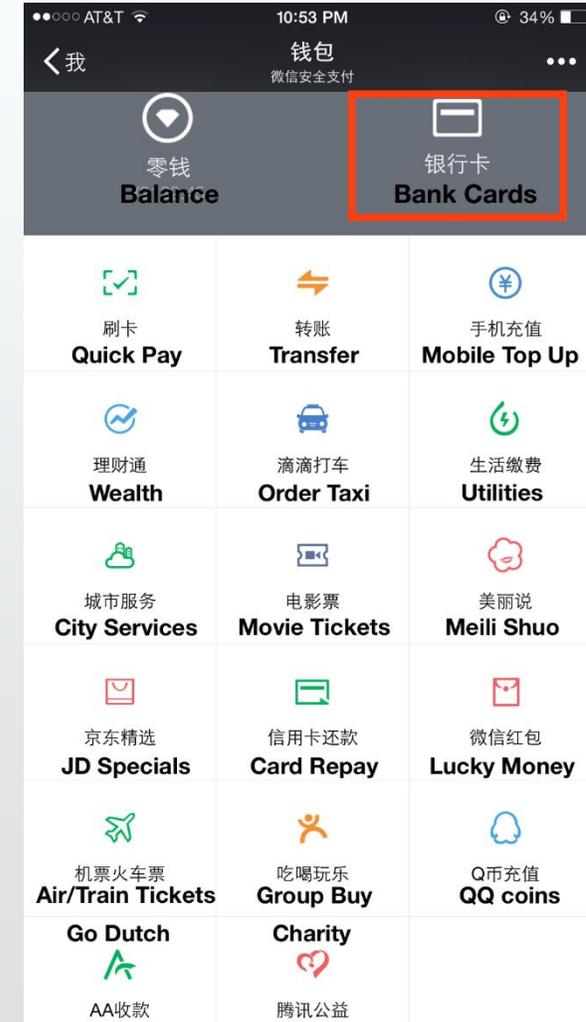
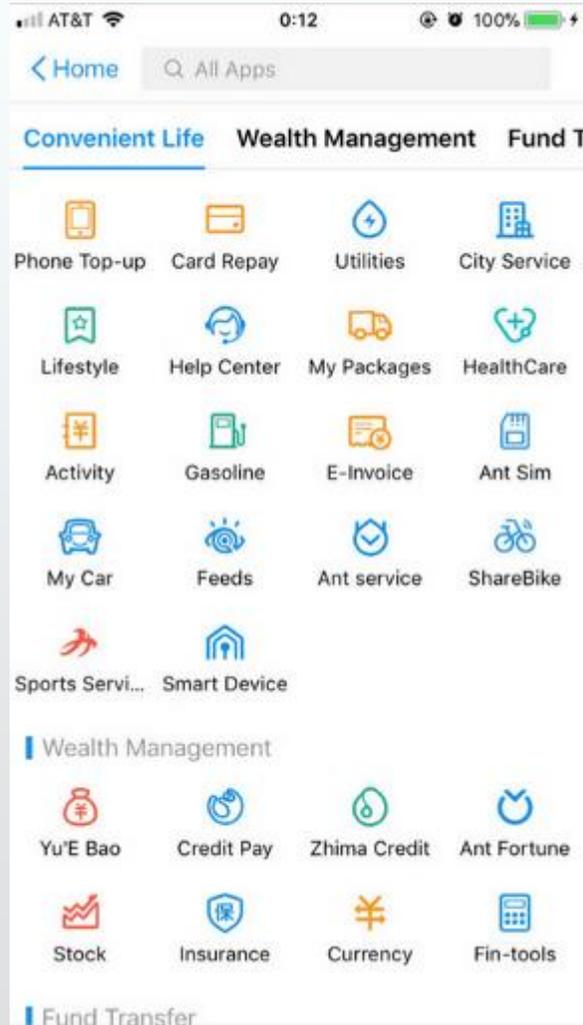
Social Life	Transfer	Taxi	Transportation
			
Credit Card Payments	Book a Flight/Hotel	Finance	Networking / Marketing / Dating
			
Chat/Messaging	Shopping	Charity	Doctor Appointment Utility Gifting
		N/A	N/A


China

One app covers all categories above


WeChat

Chinese Super Apps – bundling services

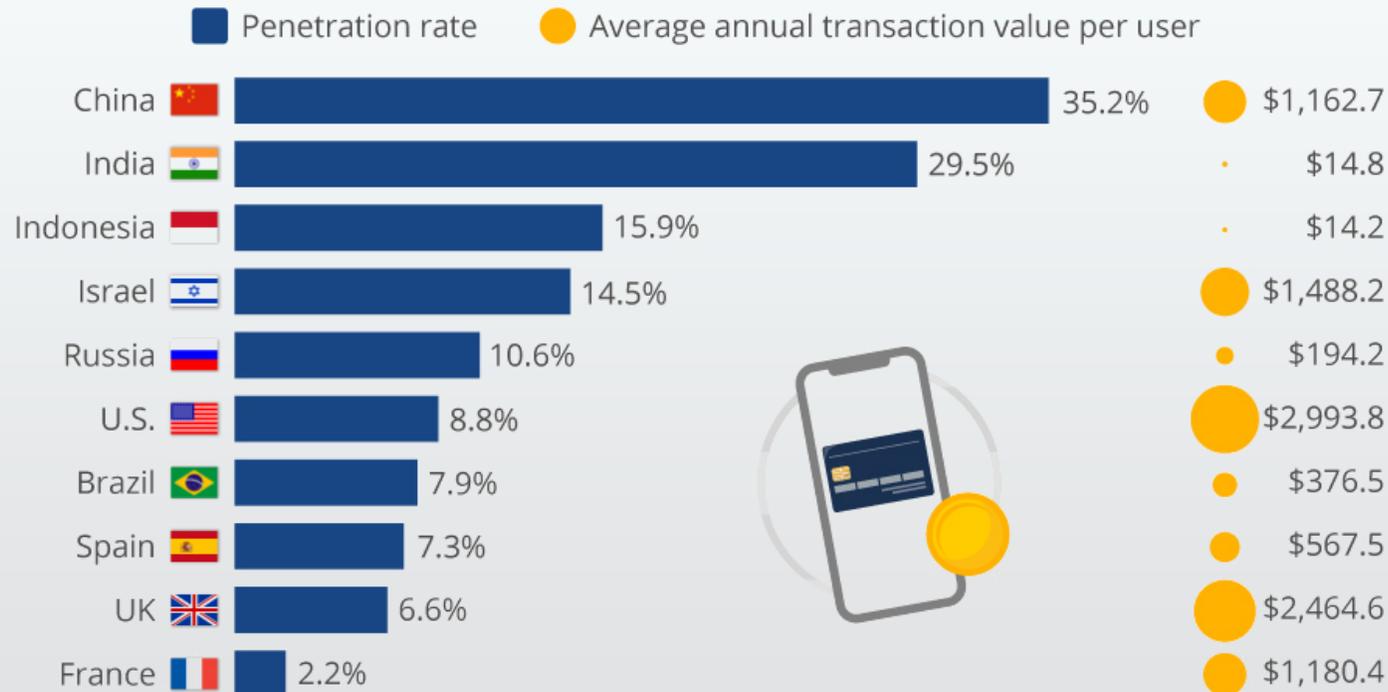


China is the leading mobile payment market



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

Source: Statista Digital Market Outlook



@StatistaCharts



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



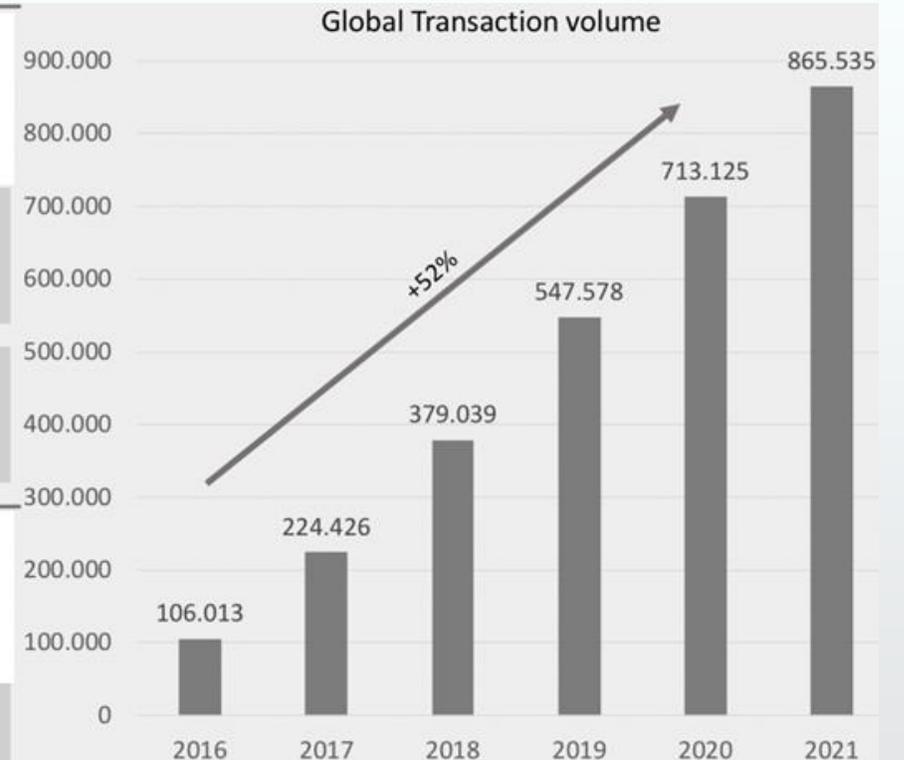
Users:
100 million

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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