

# Capitalize on the Future of Payments



# The 2020s | 'Less is More' with all things digital

Today's rapid technological changes are unlike what the world has seen before and these can have profound implications for all aspects of our lives: the way we shop, the way we interact, the way we work.



Digital as the  
New Norm

Cyber Security as  
a Must

Data as the Fuel

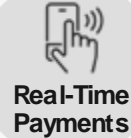
Expectation of  
Real-time

Superior UI/UX  
Experience

Emerging  
Opportunities

# Our view | Redefine payment & banking, digitally

Gaining **top of wallet status** across all key e-Commerce merchants and digital wallets with frictionless provisioning, authentication and security



Enable **pay by account** to capture more person to person, bill payment, and micro merchant interactions

Reimagine the **cross-border value proposition** with a balance across travel, e-commerce and new segments



Roll out **digital first issuance** with a best in class mobile banking UI/UX

Capture **point of sale Instalments** across priority markets and merchants in **realtime**



Scale up **banking as a service** models across the region to **lower the cost** to acquire & serve customers across the entire bank

Launch high reach **digital first SME programs** together with digital distribution partners



Act upon all **observed consumer behaviours** to **personalize** while opening up new cross-sell opportunities

# Where to? | A blueprint for the future of commerce

Winning at the point of interaction with both consumers and merchants

**E-Commerce**

Card on File,  
Tokenization,  
Click to Pay

**Physical**

Contactless,  
Biometric, QR,  
Wallets

**Value-Add**

Installments,  
Loyalty,  
Analytics

Creating the best digital banking experience that is frictionless & relevant

**Acquisition**

eKYC, Offers,  
Instant,  
Partnerships

**Everyday**

Financial Mgt,  
Rewards, New  
Flows

**Experience**

Secure,  
Seamless,  
Integrated

Running a high performance, low cost infrastructure ready to scale & adapt

**Real-time**

Pay by  
Account, P2P,  
Inclusion

**Cross-border**

Remittance,  
FX, Certainty,  
Security


**Flexible**


New Payment  
Flows, Crypto  
CBDC


# Growth in Digital | Reshaping the future of payments



## Payment Channel Transformation

 **85% of banks globally** believe that **real-time payments** are the foundation for growth

 While consumers add an average of **2 credit cards** to a digital wallet, over **61%** only use 1 card for purchases in AP


 E-commerce Sales in the retail sector in AP rose **+209%** in April compared to same period last year

**Win Top of Wallet**  
**Enable Pay by Account**



## New Technologies

 Rapid development taking place within **Biometric and Wearable payments**, driven by non-traditional players


 Non-banks already capture **~50% of all digital payments** (P2P and P2B) through growth of Mobile Wallets since 2018


 **EMV Tokenization** is growing at a CAGR of 21% globally from 2018 to 2023 with AP market driving most traction


**Deploy Digital First**  
**Win Preference**



## Institutional Developments

 Viable digital banks and new entrants are offering banking services at **lower costs** and **better rates** than large incumbents

 Regulation is putting stress on the digital payment space putting **pressure on margins**

 **Central Bank Digital Currency** projects have gained momentum after the June 2019 Libra announcement

**Partner to Reduce cost**  
**Focus on Value Creation**

# The new norm? | Shifts in consumer behaviour



## Contactless



Contactless penetration in AP has increased to **35%** in May 2020 from **16%** in 2019; India has largest addressable opportunity



Contactless cards are **more engaged** and have the potential to reach **2.5X** more transactions vs Non-Contactless cards



Large retailers are observing a **35% drop in usage of cash** in April 2020

**Support Contactless/QR**  
**Accelerate with SmartPOS**



## E-Commerce



Consumers with 4+ stored card relationships **spend 9X more** than those who don't store cards online



Pandemic has accelerated e-commerce adoption among those **aged 50+** with **40%** of this segment shopping online more in April



Approval rates are falling gradually as ecommerce grows, with **15% of transactions failing**<sup>1</sup>

**Push provision to key merchants**  
**Ensure high approval rates**



## Cross Border



Globally, airline capacity has declined sharply **by 70 to 80 percent YoY** in April 2020



As per IATA estimates, global airline **passenger revenues** will decrease by **\$314Bn** in 2020, which marks a decline of 55% compared to 2019



This impact far exceeds the YoY decrease of **19% after the 9/11** and **11%** after the 2008 global financial crisis

**Recalibrate travel CVP**  
**Identify new spend**

# Payments Landscape | Lasting consumer trends

A smarter point of interaction

## Preference for Mobile-First



Entirely digital solution OVO has captured 37% of all digital transaction of Indonesia

## Weary about universal credit



From '18 to '19, there was a 162% increase in buy now, pay later (BNPL) downloads. Instalment volumes at >\$190B in AP by 2024

## Need for security & convenience



Amazon filed a patent application for a "non-contact biometric identification system"

A fully digital retail banking experience

## Expectation of Instant



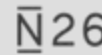
A successful Apple Card application takes about 15-30 seconds.

## Self-directed banking



Opportunity to remove up to 25% of cost base by leveraging this digital banking shift

## Openness to aggregation



Generation Z, in a recent survey, are 4x to 5x more interested in using aggregators than adults

A higher performing tech stack

## Certainty of real-time



Real time payments result in fewer late fees, less need for short-term, high-cost short term loans

## Global digital freelancers



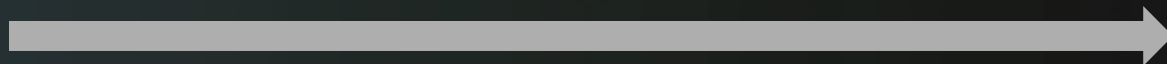
Augmenting traditional remittance, there is an increase in the distributed workforce across borders

## Reassurance of digital cash



The People's Bank of China is launching a pilot to trial its new digital yuan with 19 local businesses

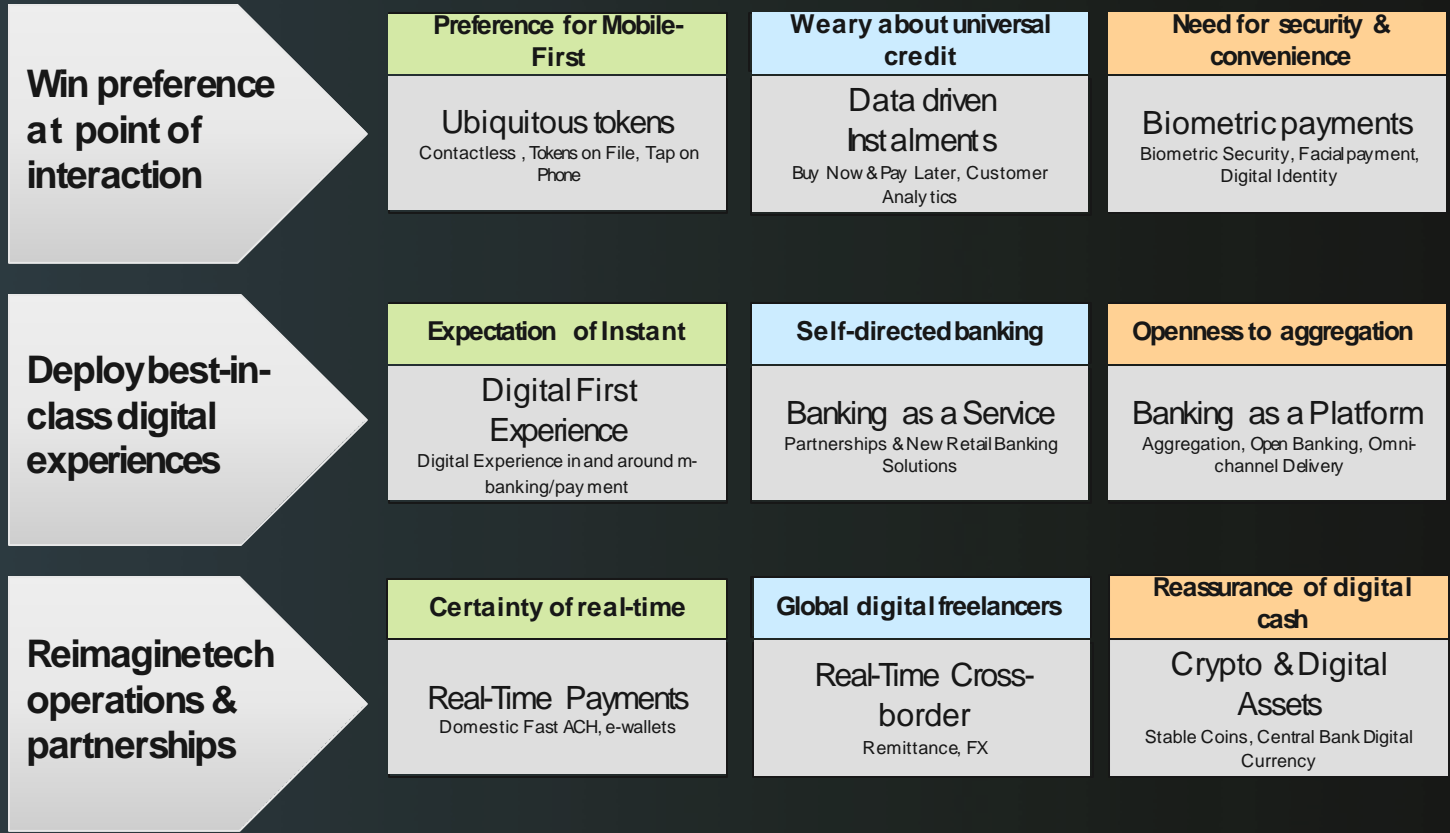
Today

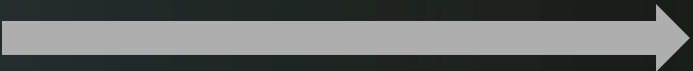


3 years



# Readiness for Growth | Meeting new expectations



Today  3 years+



# Building future readiness



# Vision 2023 | Payments Capabilities Roadmap

