



Payments in a Digital World

October 2nd, 2018

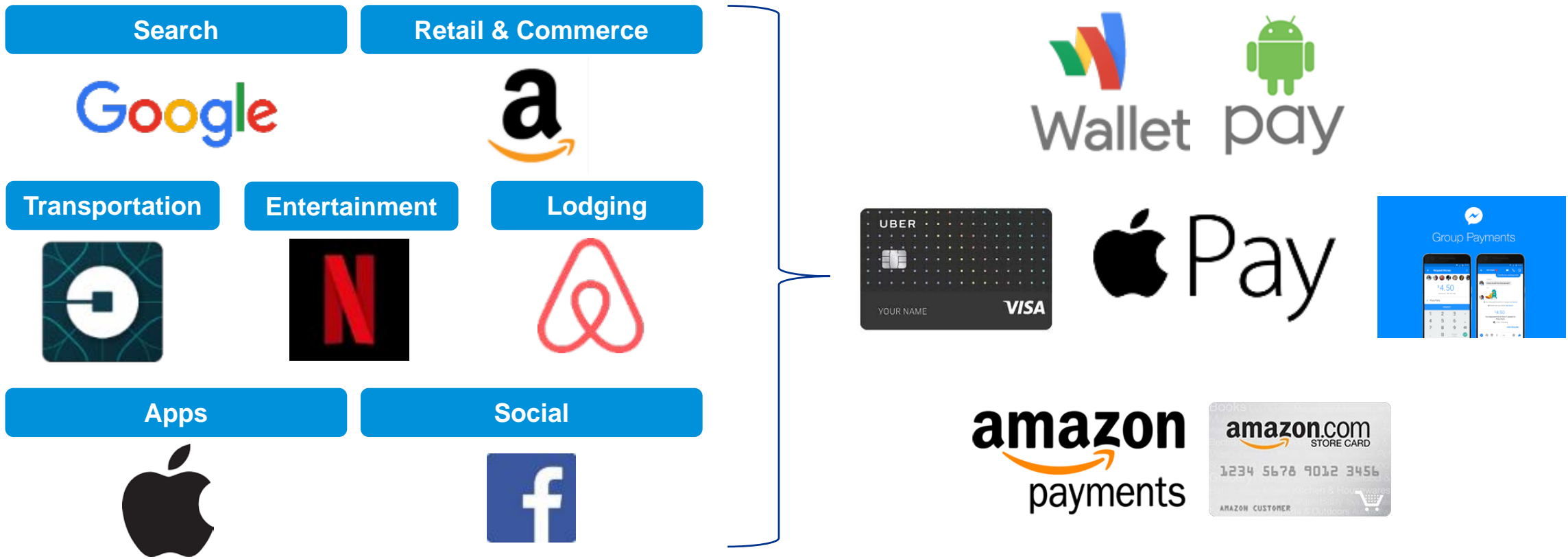




The competitive ecosystem



A handful of tech firms and digital start-ups created "commerce platforms," raising the bar on digital experiences and moving into payments

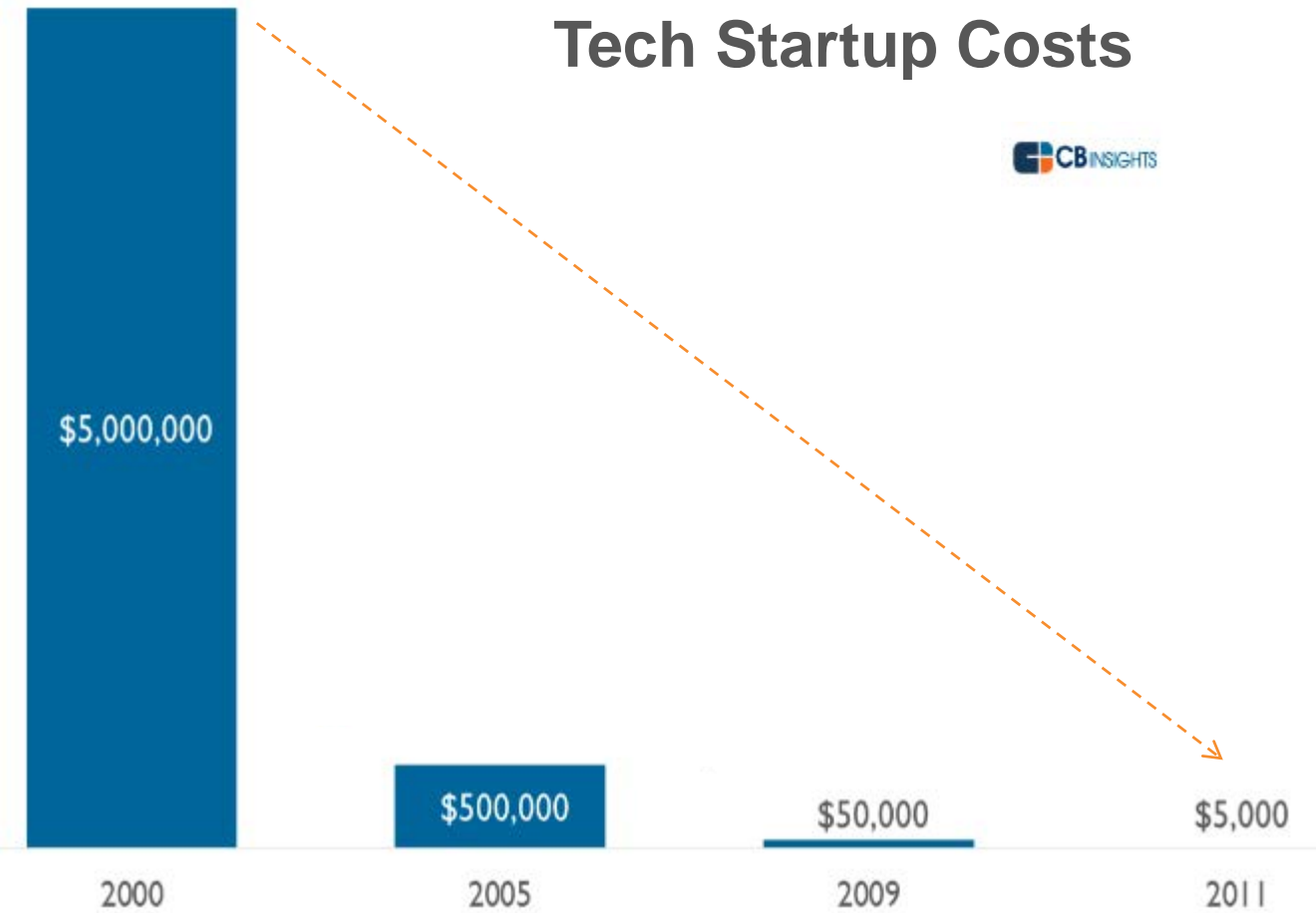
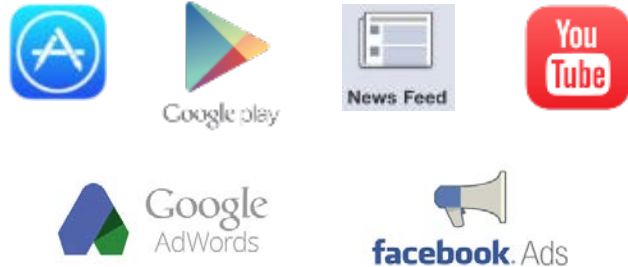


Many of these firms created services that further reduced start-up costs

Plug + Play Infrastructure



Instantaneous Global Distribution



Fintechs exploded, offering slices of great experiences while fragmenting the landscape



We believe we're at the early stages of a "re-bundling" as stand-alone services create friction for consumers



Re-bundle and simplify

A collection of logos for various companies, arranged in two columns. The left column includes PayPal, iZettle, TIO Networks, Veeva, JETLORE (The Prediction Platform), xoom, simility, and CYACTIVE (Future Proof Security). The right column includes BBVA, taulia, RADIUS, SIMPLE, Openpay, and HOLVI.

Make it Easy

MY BEST EXPERIENCES ARE MY EXPECTATIONS
but they're fragmented.

Help me:

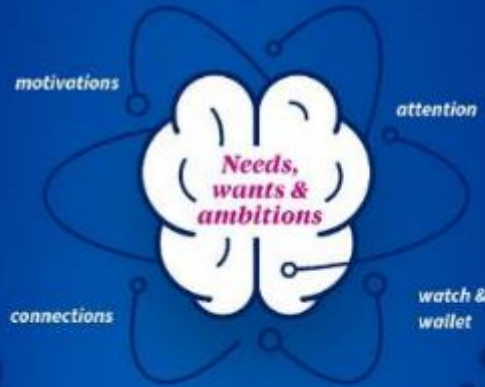
Clear
the
clutter
and
un-fragment
my life.

I want and need
things to be easy
and seamless.



Know Me

*Know me as well
as the data you
have about me.*



I DON'T WANT TO REPEAT MYSELF.

*Use my data to make it
easy, value me, and
protect me.
Help me help myself.*

Value Me

*Help me
create
security
wealth
peace
of mind*

**Reach my
financial
goals!**
achieve my aspirations



master
my financial life.

Protect Me

I need you to
protect my
**money,
identity,
& data.**

**I want
transparency
and privacy
protection,
and don't get
hacked.**

*I worry my
information will be
compromised, sold
or exploited.*



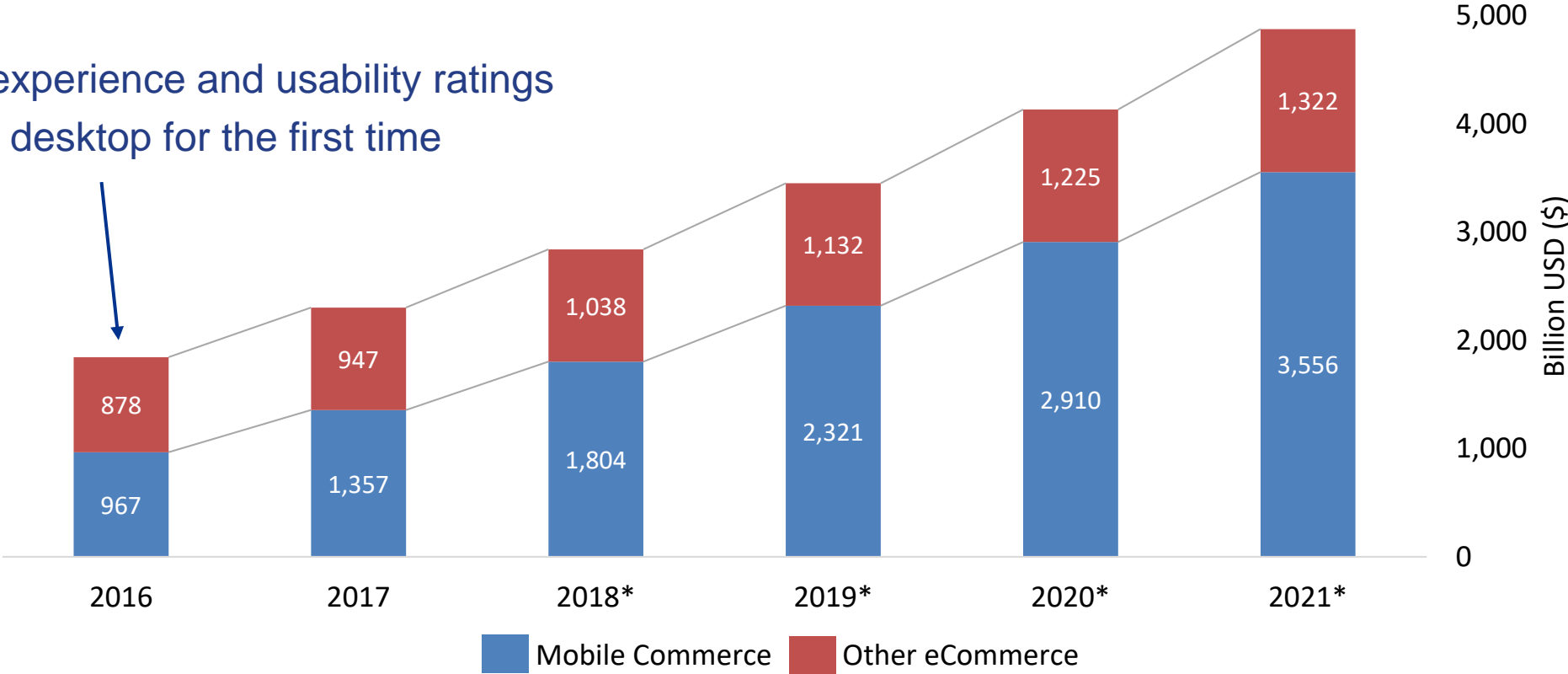
Payment Observations and Trends



mCommerce payments continue to grow as a percent of eCommerce

Although friction and confusion exists in the eyes of consumers (mobile wallets)

Mobile experience and usability ratings surpass desktop for the first time



© 2016 KPMG LLP, a Delaware limited liability partnership and the U.S. member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.

Source: Statista, eMarketer, ForeSee

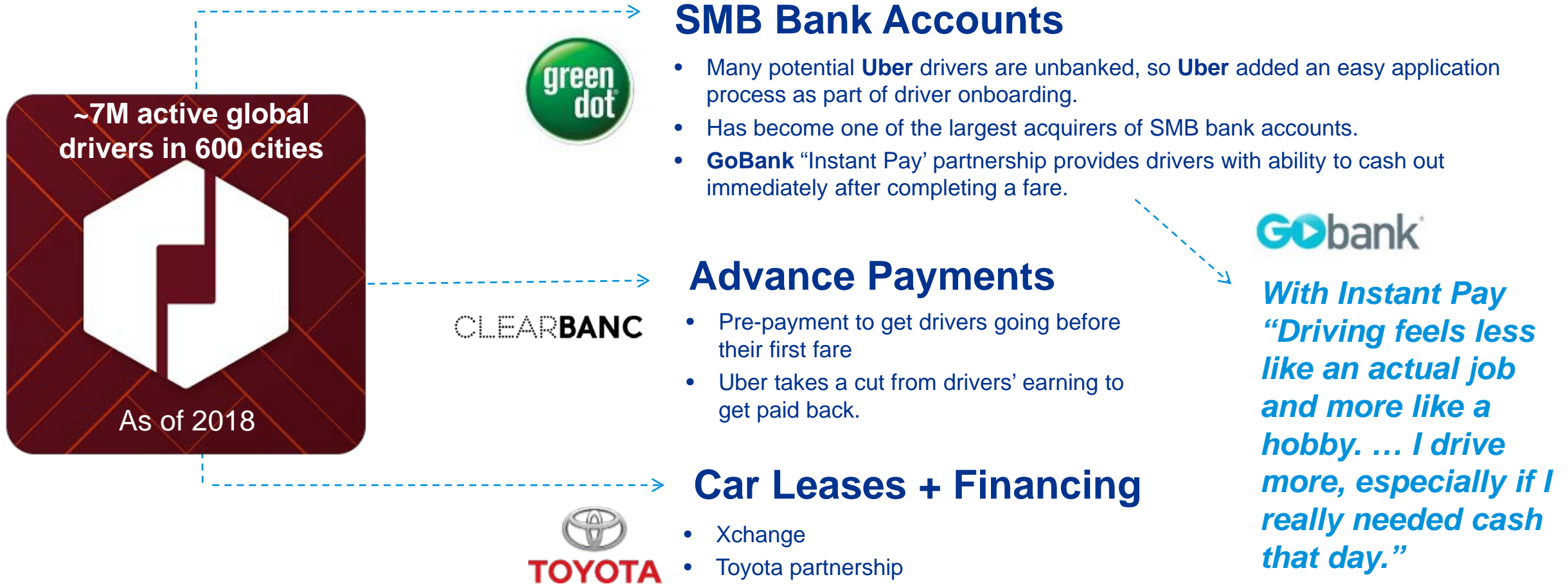
Payments are moving toward the moment of need, increasingly embedded in commerce

But consumers are leery of losing control of their credentials as payments go “frictionless”



Customer acquisition and payment relationships are increasingly formed in context

SMB integration is driving payment use cases



Vaporization of paper, plastic and passwords

Physical representations of products fade as consumers weigh risk versus convenience



The biometric takeover

- Fingerprint Scanning
- Facial Recognition
- Voice
- Cash, Credit, Forms
- Account Opening
- Transactions



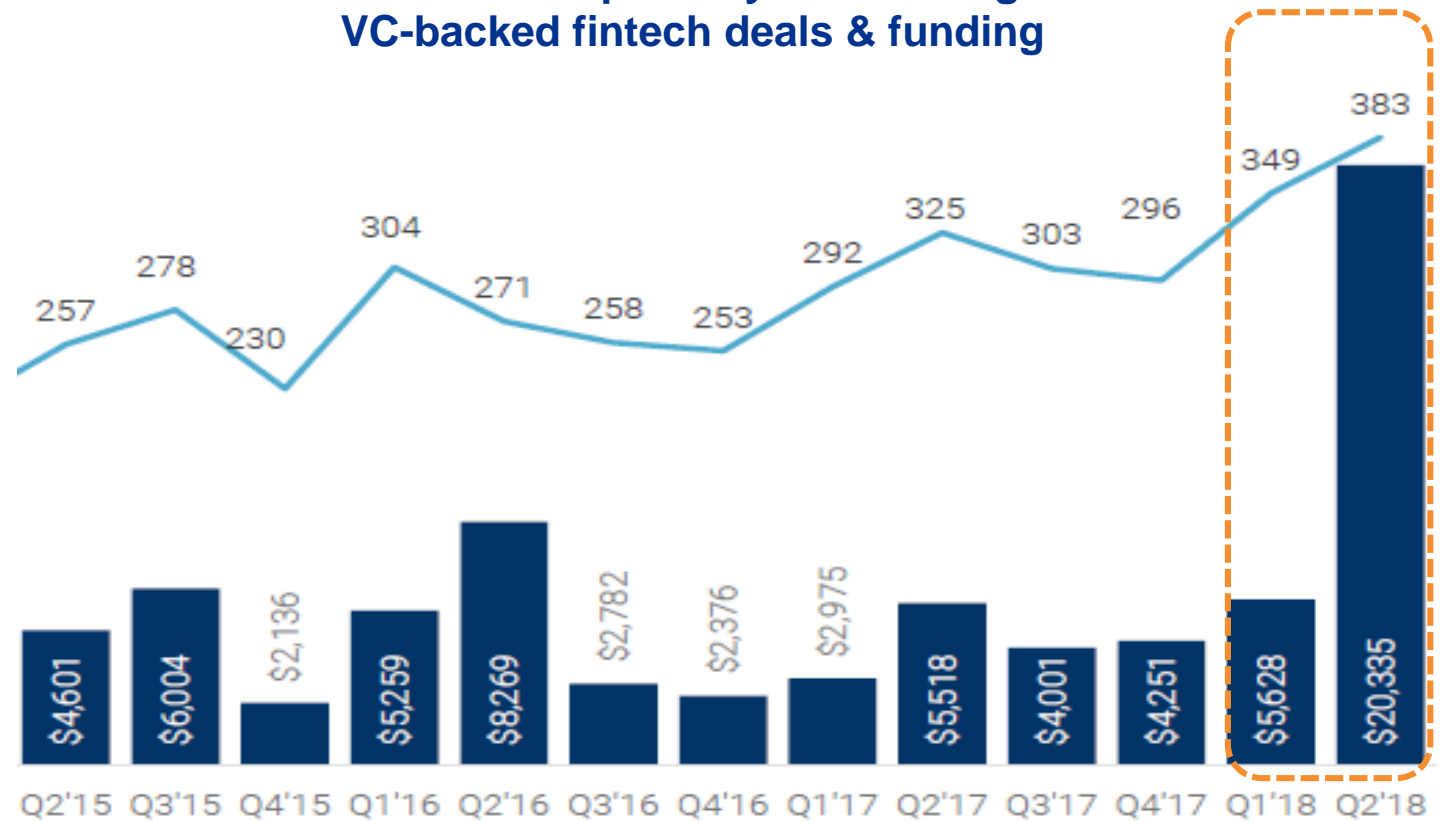
Physical Identity Verification
is now **15–20x** riskier than a
digitally led IDV process

The deal environment will remain robust, with primary drivers accounting for volumes

Primary Drivers:

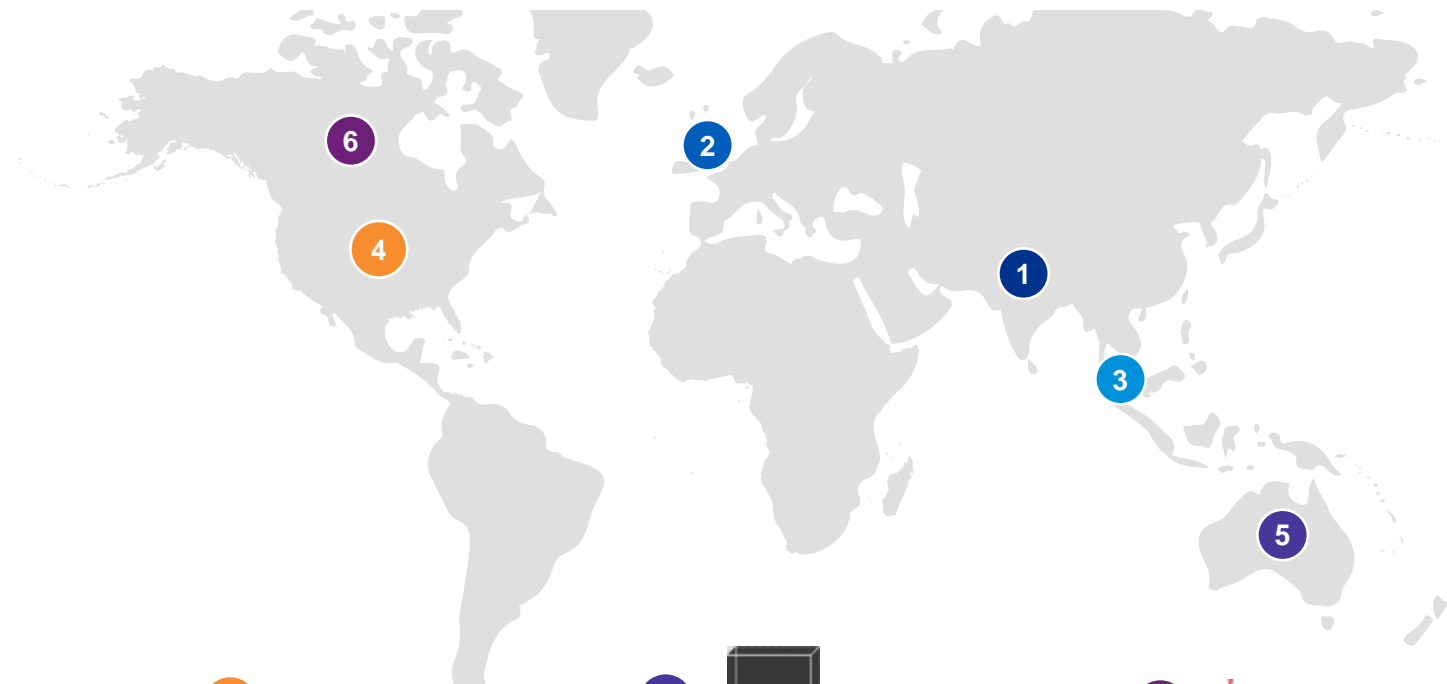
- Add new capabilities across value chain
- Global P2P growing exponentially
- Extend physical footprint for POS
- Achieve vertical integration to software
- Enhance global reach to support business supply chains
- Capture new customer base, i.e. SMBs
- Bridge online and offline transactions

Q2'18 sets new quarterly record for global VC-backed fintech deals & funding



Faster Payments are accelerating globally

35 countries have developed or are developing real time payment schemes



India, 2004

Immediate Payment Service (IMPS)

- In July, real time transactions represented almost half the value of debit and credit card swipes in retail stores



United Kingdom, 2008

Faster Payments Service (FPS)

- Corporate access increased to £250,000 with intent to increase to £1m for corporates
- Currently the fastest growing payments system in the UK



Singapore, 2014

Fast and Secure Transfers (FAST)

- Corporate access is not ubiquitous due to limit of \$50k per transaction
- Singapore's focus is on innovating and becoming a cashless society



US, 2017

Real time payments (RTP)

- 7 banks live (Q2'18) with several more onboarding in the coming months



Australia, 2018

New Payments Platform (NPP)

- Launched 2/18
- 80% of transactions are P2P transactions with an average value of \$120
- NPP initial use case focused on splitting bills



Canada

In progress

- Canada is in the second wave of infrastructure modernization initiatives

While other payment trends continue to evolve in each jurisdiction

Canada

- High use of credit cards relative to other regions (rewards and convenience)
- Contemplating overlay services for RTP to enable payments innovation
- Fintechs partnering with incumbents

United States

- Cash & checks in decline, but check usage is still high relative to other regions
- Low contactless adoption due to friction
- Fintechs partnering with incumbents and tech giants looming

Brazil

- Slower tech uptake due to insufficient internet speeds and limited smartphone availability

United Kingdom

- Greatest global adoption of contactless
- Highest global use of digital wallets
- Challenger Banks and PSD2 driving innovation and openness

India

- Fraud challenges led to demonetization
- Greater emphasis on digital payments, supported by high smart phone penetration
- Movement to enable and regulate fintechs
- Walmart's purchase of FlipKart to enable eCommerce marketplace (following China)

China

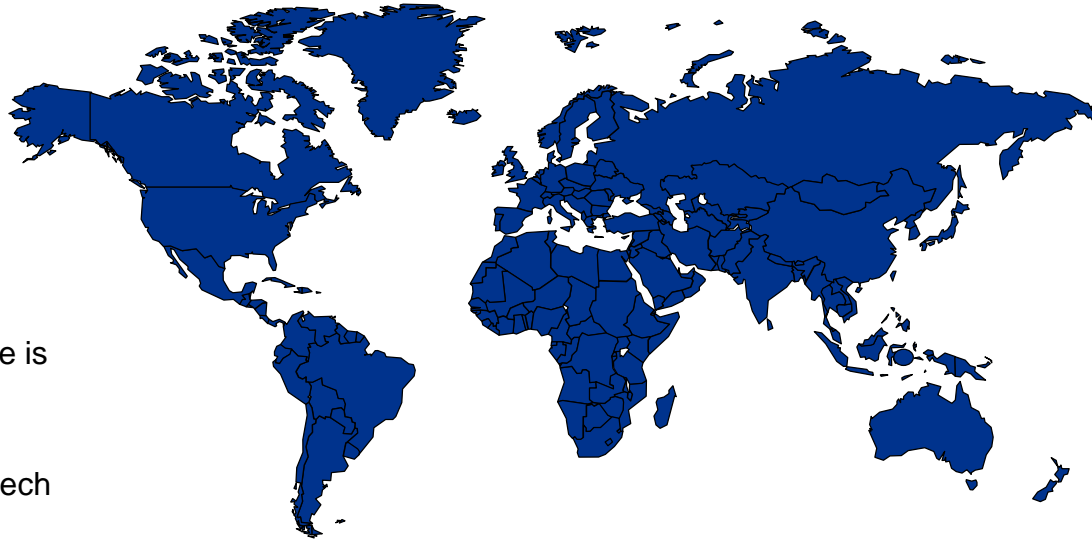
- Giants such as Alibaba (Ant) and Wechat are driving significant transformation with everything embedded and rebundled around experiences (see video)

Singapore

- Cash is still king with most electronic payments begin stored value for local transportation
- Monetary Authority is standardizing QR codes and enabling fintechs to access FAST

Australia

- High use of digital wallets, wearable payment devices and contactless cards
- Banks mandated to open up data in 2019
- Digital only start-ups capitalizing on simplified banking license offered to support fintechs



The future is already here.....WeChat's impact on payments

[WeChat Video](#)





Mitch Siegel

KPMG, FS Strategy Leader

msiegel@kpmg.com

678-592-3471



kpmg.com/socialmedia

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2018 KPMG LLP, a Delaware limited liability partnership and the U.S. member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity. All rights reserved.

The KPMG name and logo are registered trademarks or trademarks of KPMG International.