

CCV **Pulse**

# 6 Payment Trends Changing the Face of your Business in 2019

AND WHY YOU NEED TO KNOW ABOUT THEM

let's make  
payment  
happen





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propels the motion  
of any business –  
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# Introduction

## Facing 2019 and beyond

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Remember floppy disks?

If you handed one to a child, they'd have no idea what to do with it. However, at the time of their release and for several decades afterwards, they were an instrumental piece of tech.

The kicker? The first floppy disk could store 1.2MB of data. The average song is about 3.5MB in size.

Think of the smartphone in your pocket – with its GBs of storage capacity. You probably don't even save music anymore, instead opting to cultivate a curated playlist on the streaming service of your choice.

Ultimately, our devices are intrinsic to everything we do: we shop, we communicate, we consume.

We have the capacity to run entire swathes of our lives from a tiny computer about the size of the palm of our hands – and your business is no different.

The changing pace of technology can feel overwhelming. Indeed, towards the end of the '60s, the world put a man on the moon; yet you still would have needed three floppy disks to store one song.

In tech terms, a few years is an entire lifetime – and merchants need to keep pace with the digital world or face falling behind.

Every year experts suggest trends you need to follow – but which ones are actually important and which will go the way of the floppy disk? CCV has the answer.

CCV has its finger on the pulse of payments to ensure merchants stay ahead of the trends that are influencing and impacting their business. In this CCV Pulse: Trends Report, we're taking a look at the six key trends that are vitally important to your business for 2019 and beyond.

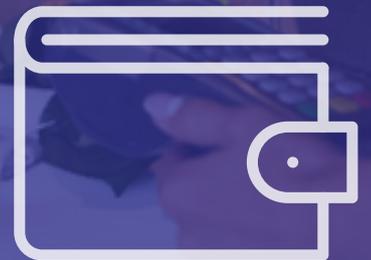


Enny van de Velden, CCO



## Trend 1

# Goodbye cash – and the rise of electronic payments

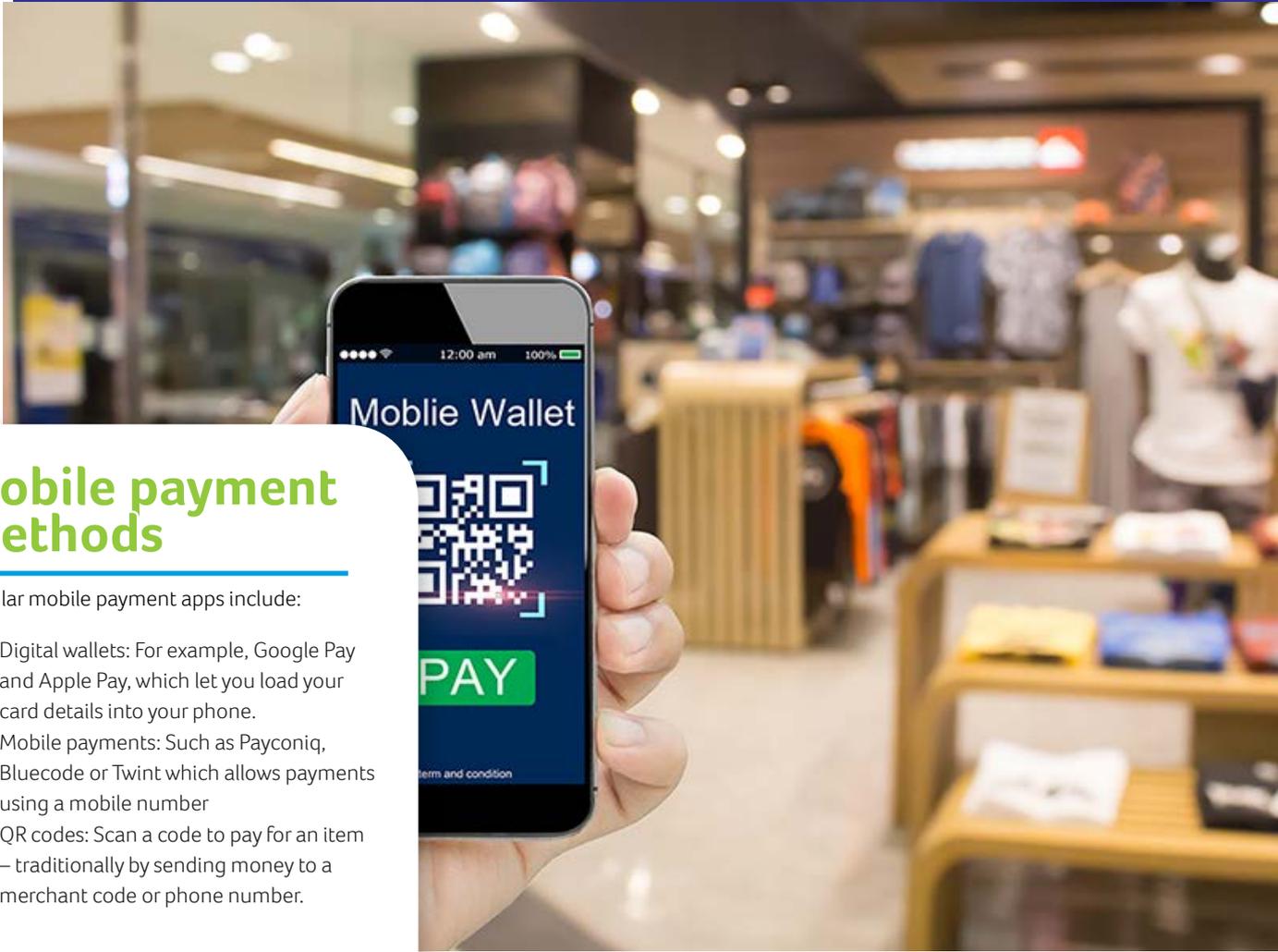


**W**ith the growth of contactless payment and mobile technology, cash is slowly going out of circulation and 2019 will be the year that cashless starts to go mainstream. In Sweden, for example, cash accounts for only two percent of the value of all transactions; in essence, the country is almost cashless.

However, going cashless comes with its own set of challenges. Cash is now so obsolete in Sweden that many banks

won't accept it – and with no storage place for their paper money, some Swedes are taking to [hiding their cash in their microwaves](#).

It's, perhaps, a bizarre outcome that belies the true ease of cashless – though, culturally, attitudes shift hugely from country to country. A recent study in Germany by its central bank found that many Germans prefer cash as it gives them better control over their spending, while in [the Netherland only 45 percent still use cash](#).



## Mobile payment methods

Popular mobile payment apps include:

- Digital wallets: For example, Google Pay and Apple Pay, which let you load your card details into your phone.
- Mobile payments: Such as Payconiq, Bluecode or Twint which allows payments using a mobile number
- QR codes: Scan a code to pay for an item – traditionally by sending money to a merchant code or phone number.

Depending on where you are in the world, going cashless may or not be your first choice – but regardless of your overall stance on going cashless, the evidence is empirical: cash is increasingly antiquated and as a merchant, the onus is on you to provide your customers with payment options to suit them.

### Mobile takes the mantle: bridging the gap between cash and digital

The Nordics may happily be leaving cash behind but there is some derision around the world – it's a gap that mobile can bridge as proliferations in tech means smarter ways to utilise money, both for consumers and merchants alike.

Self-service kiosks and vending machines are carving out a niche while apps and digital services are leading the race to optimise the process as efficiently as possible.

No doubt, we're at the tipping point of mass adoption and while we'll still have cash (global culture is too diverse to fully shift), mobile adoption will only continue to increase into 2019 and the future.



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For fintech companies and banks, it's a race to create the most complete solution, with Open Banking. Consumer choice will vary: some will prefer an app while others may want a complete digital wallet. Apple Pay and Google Pay are current market leaders, which is no surprise given both company's position as tech monopolies, though Apple is particularly limited by the NFC capabilities of the iPhone for third parties.

Perhaps the greatest proof-point of mobile pay is in China, where 50 percent of transactions are initiated via QR codes with AliPay and WeChat Pay. It's a system that applies from market stalls right up to retail conglomerates: on a street market a transaction might look like the following.

A consumer wants to buy fruit so they approach a stall. They take out their phone and use WeChat Pay to scan a sticker with the QR code on it. The transaction goes through; the person pays and the fruit is theirs.

Closer afield in Europe, many companies are making strides with their apps, for example:

- Swish in Sweden.
- MobilePay in Denmark. Out of a population of 5.7 million, 4 million have downloaded the app.
- Vipss in Finland.
- Bluecode in Germany.
- Payconiq in Belgium and the Netherlands.

The ultimate end-goal is to create an "all-in-one" digital wallet/app that integrates a consumer's loyalty/gift cards and payment details in one place. For consumers, the benefit is in ease of use and disregarding the unnecessary clunk of cash and loyalty cards.

For retailers, the boon is in gaining a wealth of valuable consumer data and facilitating easy transactions for customers. It's a concept that's already taking flight. For example, in the Netherlands, leading supermarket brand Albert Heijn is taking grab-and-go convenience to the next level with AH to go stores, where customers pay without going through the checkout.

Instead, they register with an app, and then, in-store, they can select the items they want, tap their paired card (eventually they'll be able to use their smartphones), and go. Within 10 minutes, the payment comes out of their account.

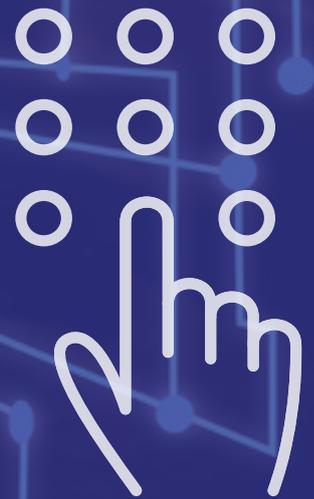
It's that ease and efficiency that's prompting the move to mobile.

It's simple: mobile payments are the future so every merchant should facilitate them or face being left behind.

**Open Banking** is another name for PSD2. It requires that banks in some countries release their data in a secure, standardised format so that it can be shared and used more easily with authorised, *safe* third parties

## Trend 2

# Scan and Go Self-Service Shopping



In a daring display of technological grandiosity, Microsoft and Amazon are set to go head-to-head to deliver the most advanced supermarket.

It's no surprise that supermarkets will be the playing ground, as consumers have been trained how to use self-service by large supermarket chains.

The lynchpin for the new initiative is in self-service.

It's an old trend, updated for a modern

world that will see increased adoption in 2019. The first self-service kiosk dates back to 1977 and many iterations have followed since, most notably the kiosks many of us use in our day-to-day lives while paying for our shopping or ordering and paying for food in a fast food eatery.

Likewise, hotels across Europe now have self check-in, while in Dubai, kiosks are removing the need for front desk staff in place of an automated, self-driven service. It's a trend that's likely to propagate across verticals.

## Amazon and Microsoft's "super" supermarkets

Amazon and Microsoft's ventures intend to turbocharge the concept of shopping by introducing a system of cameras, scanners, and Internet of Things (IoT) to offer new functionality. In Amazon's Go store, consumers are offered a "Just Walk Out" experience where they can pick up an item and leave the store without paying. The item is added to a virtual cart and paid for via their Amazon account when they leave the shop.

Microsoft's takes a different approach: it gives shoppers a new way to interact with products. Digital displays replace paper tags and list products' prices, promotions, and nutritional information. Displays can also be synced with customers' grocery lists, for example, so they can more easily find what they need. Ads for the digital displays are in the pipeline too.

Ceiling-mounted cameras also collect data, for example tracking inventory and shopper habits.



Indeed, in McDonalds and restaurants like it, kiosks are becoming the de facto form of ordering. In the past, branches may have had two kiosks and eight cashiers whereas the opposite is now true, with many restaurants having only one or two cashiers.

Smart merchants are also using kiosks to expand their product portfolio by integrating their web and in-store experience. Many retailers have a large inventory online, whereas in-store kiosks allow them to unify both strands of their business to create an endless aisle for always-on shopping.

This self-service kiosks trend will be particularly beneficial for smaller stores, giving them the option to offer a larger inventory to their customers, especially if they have a physical location and a web shop with an extended product catalogue.

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## Trend 3

# Thwarting digital danger: cybersecurity, compliance, and risk management



**W**e know. With all the great technology in the world, trend number three might seem unnecessarily boring. You're here for the whizz-bang – and compliance and risk management doesn't exactly scream 'exciting'.

But that doesn't mean that it's any less important; in fact, the right compliance and risk management processes will be the cornerstone of

every successful business venture. With the emergence of a cashless society and a move to mobile, the right governance and risk management will underpin everything your business does, both internally and consumer-facing.

Global cybercrime costs are in the hundreds of billions of euros per year – and while you might think it won't happen to you, the reality is that cybercrime is one of the biggest threats facing humanity at large.



## From GDPR to PCI: acronyms unscrambled

- **GDPR** – a legislation that applies to how companies collect, store, process, and use data belonging to EU citizens. Failure to comply with GDPR can lead to fines of up to €10 million or 4% of annual global turnover.
- **PSD2** – an EU directive that allows bank customers (both consumers and businesses) to use third-party providers to manage your finances, i.e. banks will have to provide safe, legitimate third-party providers access to customers' accounts through open APIs.
- **PCI DSS compliance:** A security standard that applies to entities (businesses) that store, process and/or transmit cardholder data. As a merchant, you must comply with the PCI DSS.
- **PCI P2PE compliance:** A point-to-point encryption (P2PE) solution provided by a third-party that encrypts data from the point of interaction (for example, a customer using their card).

While it can be confusing for merchants, this is a trend that you simply cannot ignore in 2019. It's vital that your business is compliant and protected – and your payment solution provider should be your partner in ensuring you're compliant. CCV's solution, for example, is PCI DSS compliant so its customers don't need to worry about security.

As a society, information is our kryptonite – and information is the target for savvy cybercriminals. It's increasingly vital with important regulations like GDPR and PSD2 bringing monetary penalties for businesses, while security standards like PCI DSS and PCI P2PE aim to make online transactions and banking much safer.

While compliance and risk management can often be overly complex and dense, it's simple to understand the 'why': the world is increasingly digitalised so cybercriminals have an incentive to work smarter to steal from businesses and consumers.

### Laughing all the way to the bank

It's a free-for-all for fraudsters as they're extending the reach of their attack networks by aiming for corporations that house reams of sensitive data. Banks and hospitals have been hit hard in the last few years, with cyberattacks hitting the financial service industry [300 times more than businesses in other industries](#).

It's a staggering stat that showcases the root of the attackers' intentions: they're

squarely aiming to exploit sensitive data. As a merchant, you're privy to much of that same data – putting a target on your business.

In an ideal world, the consumer shouldn't need to worry about data like their credit card information falling into the wrong hands – and the onus is on merchants to be suitably protected or face hefty pushback and economic loss.

Cybercrime is only set to continue as criminals sharpen their arsenal with smarter AI-backed tools.

However, the cybersecurity industries aim to close the gap: multi-factor authentication will become the norm; businesses are turning to AI to hamper fraud and scam attempts; and payment solutions are increasingly including compliance and risk management as part of their offerings.

The future is digital and in a post-GDPR world, merchants like you are going to have to be savvier than ever when it comes to storing, processing, managing, and protecting consumer data.

## Trend 4

# The smartphone as an all-in-one payment terminal



**E**arlier in this report, we touched on mobile payments for consumers. However, for merchants, the greatest advantage is in their smartphone's ability to become an all-in-one payment terminal.

In 2019 we will see off-the-shelf devices like smartphones and tablets become an integral part of the payment chain. These smartphone terminals can process payments via QR codes, debit cards, contactless payments, or wallet/app payments via the customer's smartphone.

### **The whenever-whenever economy**

Using your smartphone or device as a payment terminal allows for a hardware-to-software approach that any business can use, regardless of budget.

Merchants can centralise one device such that it can do everything in the ecosystem – and it's available off the shelf so it's a perfect solution for up-and-coming businesses.

The ability to turn a regular smartphone into a payment terminal, without any additional hardware, is a huge plus for retailers – and it's gaining momentum as major card schemes like MasterCard and Visa roll out pilots to connect with Android smartphones for contactless payments.

Of course, it'll be particularly useful for smaller stores and pop-ups, who can set up and disassemble their shop as needs must – and with ease, given the size of smartphone terminals.

# The new merchant ecosystem



Cybersecurity

## Trend 5

# The age of data has arrived



**T**he customer is the flywheel that propels the motion of any business – which means that competition for customer bandwidth is increasingly fierce.

Merchants must be savvier than ever about how they reach and communicate with their customers. Marketing matters. Personalisation matters. Pricing and products matter.

But it's the quality of data that's truly pivotal as it can transform your business and this will be a key trend for 2019 and the years ahead.

An exponential growth in business means an exponential growth in data. It's no surprise to learn that 90% of the world's data has been created in the last

two years. But data is only important if you know how to use it.

Ultimately, it's about identifying the right data from the myriad information available to you and interrogating it to find the key insights.

Many merchants are taking their data and using it to woo the customer with a distinct strategy point: merging data and brand offerings to create a highly customised, personal experience – for example, linking a customer with their loyalty scheme even if they don't have that given loyalty card on-hand when they make the purchase.

Coffee company Starbucks has been particularly efficient with its personalisation programme. It has



## Finding the data that matters to your business

Every business generates tons of data – but not all of it is useful. Obviously, the data you'll analyse and use will depend on your business, and whether you offer products/services on/offline or both.

Key in-store data points to track include:

- In-store hotspots.
- Footfall and traffic.
- Visitor demographics.
- Customer conversion rates.
- Average purchase value.

Due to the nature of ecommerce, you'll have an infinite number of data points available to you. Again, what you'll track will be based on what you want to determine and the actions you want to take.

One of the most important subcategories of data is user identifiers, such as cookies, device IDs, and internal information. With this data, you can connect the dots across user paths so you can predict how the consumer will behave.

As kiosks and smart technology are further integrated into business premises, this information will be pulled into the data ecosystem too.

adopted a real-time personalisation engine that produces individual offers for customers based on their previous behaviour and preferences. The data comes from the brand's loyalty app, which was rolled out in 2011.

To fully capitalise on the data, Starbucks sends personalised emails to customers with relevant deals and updates. It's a smart play and it's one that's helped them thrive in the era of "peak coffee".

Ultimately, inherently knowing and understanding your customer base is key to optimising your business, tailoring your offerings and customer experience, and to surviving as a business in an increasingly-busy marketplace.

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# Trend 6

# Open ecosystems



Last year, many experts talked about omnichannel being at the forefront of business – and it’s easy to see why. Omnichannel is a logical next step, as it’s a multichannel approach to sales and retail strategy that unifies strands of a business, such as its brick-and-mortar store and its online equivalent.

However, many businesses are struggling to go truly omnichannel as individual parts of their company are still siloed, or they don’t have the right data to fully inform their decisions.

While omnichannel has been a huge stepping stone for merchants, it’ll soon be eclipsed by open ecosystems, where early adopters will work together to create a truly fluid consumer experience based on data partnerships between key businesses.

Right now, the consumer experience is limited by a lack of integrations – for example, you need individual loyalty cards for each separate brand you shop with. What if you could unify all your loyalty cards into one place, instead of carrying one for a book shop, two separate coffee cards, and one for each of your favourite clothes brands?

An eventual future may see the formation of a centralised “sharing hub” that exists between organisations so that everything is as efficient as possible both for merchants and consumers alike.

Essentially, it’d be a data economy based on these data partnerships, with companies working together in a retail cooperative that allows for the freedom of information.

To make it real, let’s consider your local shopping mall. Each shop has an individual loyalty card, linked to each shops’ data bank and independent loyalty programme. But what if each store banded together to share their data such that customers benefited from shopping in the one mall – and it was all centralised into one loyalty card?

Instead of carrying ten cards, the consumer would have one – and the shops would have a trove of legitimate buyer data. The future may take it a step further again, with companies using APIs to link multiple businesses around the world.

In real terms, however, we’re already seeing the beginnings of a more open source world, and PSD2/Open Banking is already changing the financial market.



## Why Open Banking matters

When companies have no competition, they can take advantage of their customers. Open Banking means that banking data is freely available and that a range of new competitors can come to the fore, allowing for a more open and competitive financial market.

As more merchants make their data and APIs available, consumers can connect multiple products and services in one centralised hub – their smartphone.

Several high-profile companies are already making leaps in the age of open data:

- Yolt – Dutch multinational ING Group's Yolt is an app that uses APIs of other banks to pull all your account information into a single app for full visibility of your accounts.
- BBVA API Market – Spanish bank, BBVA, spent a year working with over 1,500 developers and businesses to optimise its Open API service, to connect its customer data with other platforms for ease of use, i.e. AliPay and PayStats.
- Nordea – Innovative banking solutions for the Nordic region.

While retail banks are currently seeing

the biggest shift, it's safe to assume that in 2019 the retail marketplace in general will start to follow suit.

Already, companies are stepping up. For example, ASICS, the global athletic footwear and apparel company, is [building an application network](#) to enhance customer experience by using reputable APIs to gain access to data such as real-time inventory, pricing, and order statuses.

ASICS can reach its customers around the globe and build strong relationships with them, while customers benefit from a more personalised, efficient system.

If merchants can unify and allow for the freedom of their data (within the restraints of privacy legislation), they'll be able to layer data from multiple sources to see an entirely new story – and to create a "total" solution that truly puts the consumers' needs first.



# Is your business ready for the future?

**T**hroughout this report, we've discussed the trends that are of utmost importance for merchants – and we've only just scraped the surface.

With the advent of brilliant technology, we're in an exciting time – both to be a merchant and a consumer.

With so much data at our disposal and a strong pivot toward customer-centricity in play, we're slowly moving towards an open source, data

economy. Open Banking and API development is just the beginning.

An open market is an eventuality that will be facilitated by digital wallets, integrated customer information, and a uniquely personalised experience.

Merchants are faced with a choice: to embrace these trends and the cultural shift that will follow or to go the way of the floppy disk.

It really is that simple.

# About CCV

CCV offers a holistic approach to business, with solutions in payment, terminals, and web shops to get you up and running in no time. We'll work closely with you to create an all-in-one solution that looks and works beautifully.

Cards, cash, vouchers or loyalty. Online, offline, or both.

We offer a complete sales ecosystem for your business that's easy to use, beautiful and most of all: tailored to suit your customer.

## CCV SalesPoint

App-based POS, a cash register on your tablet.

Your personal back-office works on any device, supports cross-channel selling and compliant reporting.

### Advantages:

- Cloud-based.
- Highest security.
- Mobile.
- Offline capability

## Payment terminals

A quick and easy independent in-store payment terminal for your shop.

### Advantages:

- Buy or rent.
- Full freedom and flexibility.
- Free to roam.
- 24/7 helpdesk.

## Online - CCV Shop

Set up your own web shop in your lunch hour with CCV's comprehensive online solution.

### Advantages:

- Many designs to choose from.
- Edit anywhere without installation.
- Full back office: customise the layout and manage your products anywhere.
- No hidden costs or fees.

**STEP INTO YOUR FUTURE**

# The experts predicting the future

CCV's team of experts worked together to bring you this trends report

## Ivo Rupert

**Commercial Director, CCV Shop (NL)**

Ivo is an expert in ecommerce and online business technology. He has been an influential member of the CCV team for more than 4 years, driving CCV WebShop's commercial strategy. He has extensive industry experience and a great passion for all contemporary trends in the field of ecommerce.



## John Kolthof

**Managing Director, CCV Easy - CCV Group's international division**

John joined CCV 12 years ago. He had various management and commercial roles within the international and Dutch CCV organisation. Since 2015 John is leading CCV's international self-service payment division. He is responsible for building and developing the company's international growth strategy and delivering full Pan-European and domestic solutions to customers in all verticals with the self-service domain.

## Marc Bout

**Product, Marketing and Communication, CCV Netherlands**

Marc joined CCV Netherlands in April 2018 as part of the commercial division. He has comprehensive knowledge of the banking & insurance business and a vast experience in customer-centric marketing technology and lean product development/design thinking, allowing him to fulfil a significant role at CCV.



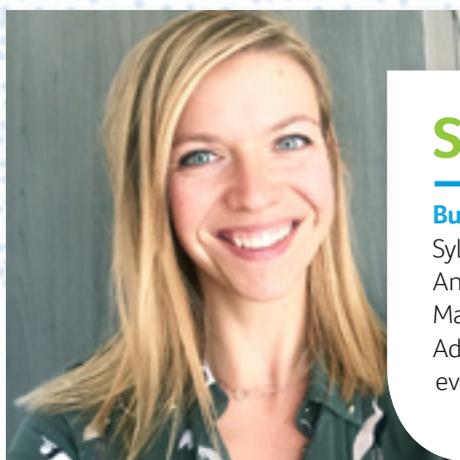
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## Mitchell Yu

**Head of Product management, CCV Belgium**

Mitchell has been with CCV Belgium for over 14 years. During that time, he occupied several product related positions, initially working on launching and improving payment products. His role ultimately shifted to product team management, with a focus on developing compelling value proposition that exceeds customer expectations and keeps them engaged.



## Sylvie Vanthomme

**Business Analyst, CCV Group (BE)**

Sylvie started working at CCV in April 2018 as a Business Analyst. She holds two Masters from Universiteit Gent in Marketing Analysis and Applied Economics, Marketing. Admittedly, market research is her greatest passion and everything data-related makes her heart beat faster.

## Tim Meersschaut

**COO, CCV Belgium**

Tim joined CCV Belgium in 2010 within the service department. Two years ago, he joined the company's international team in an effort to help grow the group's portfolio and take it to the next level. He holds a Masters in applied economics, with a focus on marketing from the University of Leuven.

