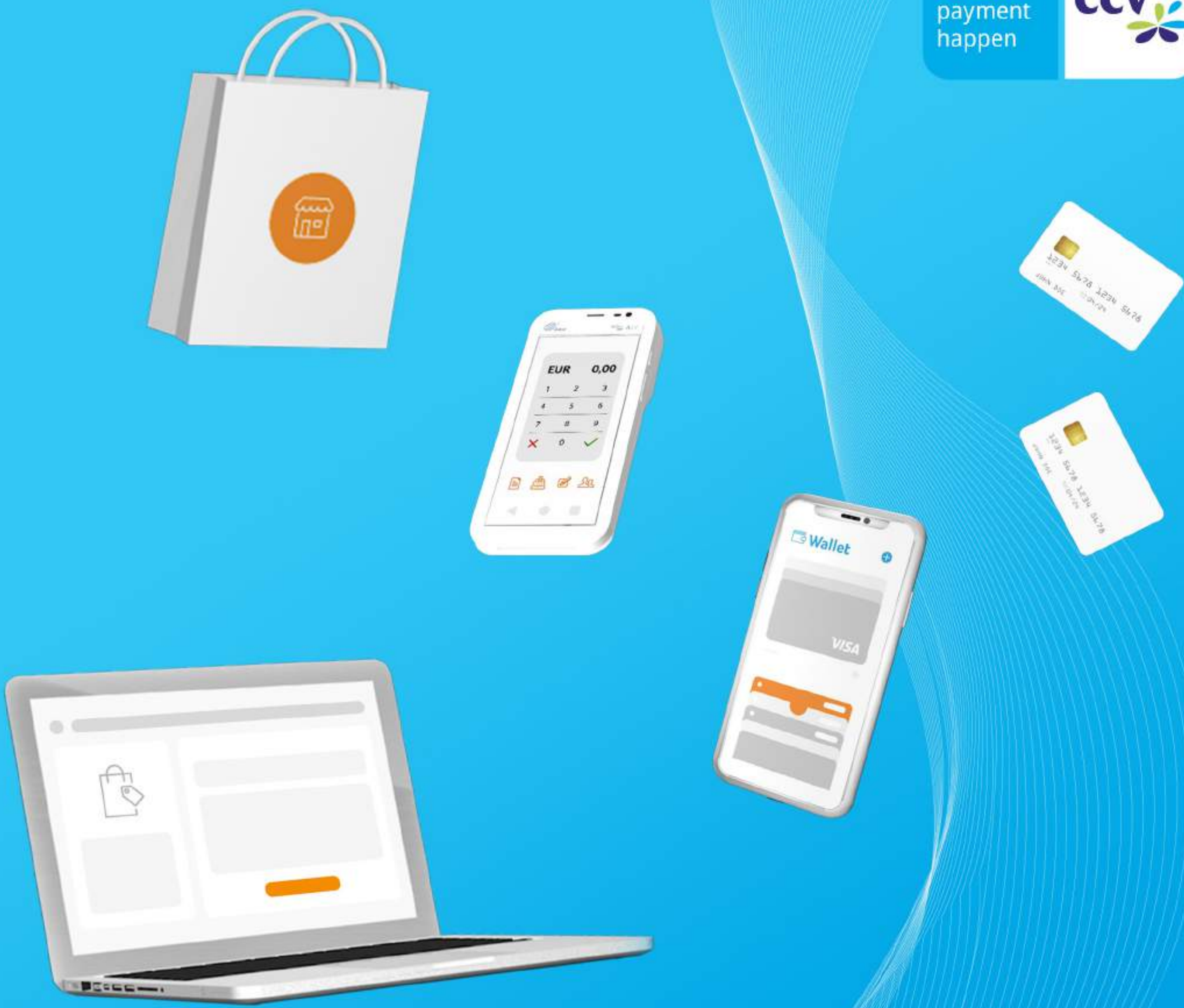
let's make
payment
happen




# CCV Pulse
# Trend Report

The CCV top payment trends
for 2021 and beyond

2021

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# 2021
## Where we all adapt to a changed world

As we move into 2021, we must first look back at 2020. This was a year full of massive global challenges, unprecedented innovation, and the acceleration of existing trends. The global pandemic changed so much in a short period, with commerce suffering in many areas, while excelling in others at the same time. Inevitably, this edition of CCV Pulse reflects the many shifts that have occurred as a result of the pandemic.

Only a year ago, in the 2020 edition of CCV Pulse, we discussed how consumers are demanding ever more choice in how they shop, while expecting both big brands and small businesses to accept multiple forms of payment. Above all, customers are seeking frictionless experiences, combining shopping, payment, and loyalty. Innovative companies were already making this happen, and COVID-19 has catalysed their creativity.

Since the outbreak of the virus, e-commerce has skyrocketed. In Europe, April 2020 saw a 30% increase in mail-order and online retail compared to April 2019. And contactless payment has also increased dramatically. In my country, the Netherlands, contactless payments at POS jumped 25% between January and May 2020, with the market share of contactless card payments reaching 85%. We see similar growth across many EU27 nations.

These are just two examples of the many rapid changes in our sector, the payments industry. Put simply, payment technology was already making great strides in shaping customer experience, but it is now being adopted faster than anyone could foresee. This shift has immense consequences in 2021 and beyond.

For merchants, the challenge is to integrate and align these digital technologies – to connect online with offline, and to choose solutions that will add value for their business and customers. The complexity of this can seem overwhelming, and the payment industry has responsibility and the capacity to help clients adapt to this new omnichannel reality.

In this CCV Pulse 2021, we are very excited to introduce six payment trends to look for in the coming year. From the wide-spread adoption of omnichannel commerce, to consumers taking charge with self-service, we investigate a few of the biggest developments in our field right now.

**Enny van de Velden**
**Chair of the Board and Chief Commercial Officer**

Trend 1

# Commerce has gone omnichannel, and this time for real

We've been talking about omnichannel commerce for many years, but the events of 2020 were a catalyst that pushed many businesses to adopt it. As consumer habits changed nearly overnight, businesses of all shapes and sizes adapted to new demands. This meant huge growth in e-commerce and integrated sales across channels. And this growth is supported by smart payment technology, facilitating omnichannel commerce without sacrificing convenience or security.

## Integrating the online and offline worlds of commerce

There are countless examples of how boundaries are blurring between online and in-store, especially in retail. One such example is "endless aisle", allowing customers to order out-of-stock items within the store, ready for next-day delivery or pickup. Another is click-and-collect or "BOPIS", buy online, pick up in store, meaning customers buy via a website or app and arrive in person to collect.

These are now taking off, and in a big way. For example, European click-and-collect turnover is forecasted to grow from €26.7 billion 2018 to €45.1 billion in 2023. And it's worth bearing in mind this was projected before the COVID-19 pandemic pushed digitalisation into a new gear.

And while the major brands are central to widespread consumer adoption of technology, SMEs also have an important role. "A lot of interesting innovation actually starts with small businesses," says Arlette Broex, Nieuwe Knikkers podcast host and Initiative Lead at FINN (ING Labs), "because they can move faster than big brands."

## Omnichannel payments are supporting this dynamic new environment

Payment technology is getting smarter, and this is helping merchants manage a seamless experience across multiple channels. With endless aisle, for example, customers complete their order at a self-service kiosk using their contactless card or mobile wallet – and with click-and-collect, transactions are processed online through the merchant's webshop solution. And when it comes to returns, purchases via click-and-collect or e-commerce can now be returned in-store or via post, and the funds are paid back seamlessly to the customer's card.

In the hospitality sector, there has been a rapid transition to local delivery, takeaway services, and QR-code-powered "order/pay-at-table" as a way to minimise contact between customers and staff. Suddenly, restaurant owners who'd been used to a conventional "offline" process have been looking to digital solutions for managing orders and processing online payments.

Our experience here at CCV, confirms that these developments are intensifying. Since the beginning of this year, we've been helping many more merchants bring their various channels together into a single holistic payment environment. This allows businesses to have one source of truth for transaction data, and helps them offer a consistent and enjoyable purchasing experience to customers – regardless of whether they prefer to buy online or in-store.

As just one example of many here at CCV, our team helped CEWE implement self-service cashless payment terminals at photo-printing kiosks in the UK, and this technology was integrated with their e-commerce system. The result is a fully-aligned payment ecosystem, allowing CEWE to offer more flexibility to customers when it comes to paying for their prints.

> "This merging of online-offline is happening fast and the sooner the businesses jump on this train, the more resilient they can become in the medium and long term."
>
> Sam Arkens
> **CCO, CCV Belgium**

## Expert Opinion
## Sam Arckens, CCO CCV Belgium

"For many small and medium businesses, the first step to a successful omnichannel experience is obvious, but we see that it is not always easy. The business must make sure that both in-store and online sales channels are set up and working optimally. The pandemic pushed many businesses to open a webstore or started social selling when they were fully relying on bricks-and-mortar just a few months ago. But the real challenge is to go a step further and integrate both channels.

When someone has their smartphone to hand, they immediately expand the range of interaction they can have with the business. Their experience is not limited to in-store or online touchpoints – it turns into an ongoing and connected relationship. For example, you can choose what to display on shelves and provide a QR code for customers to see other options in a product range, or craft experiences with personalised discounts or loyalty benefits.

On top of that, you can prolong this exposure to the brand with a meaningful and personalised follow-up after the purchase takes place. This merging of online-offline is happening fast and the sooner the businesses jump on this train, the more resilient they can become in the medium and long term."

Trend 2

# Terminals play a new role, going beyond payments

Initially, payment terminals were designed to accept electronic payments through credit and debit card including PIN entry. Then, contactless came onto the scene and soon enough, the world began to embrace contactless (NFC) bank cards and digital wallets. The common thread: terminal hardware has been utilised for payments, and payments only. But this is changing rapidly.

## Android-powered payment terminals are changing the game

Payment terminals have now entered the market which are built on the Android operating system (OS), and this opens up a new world of possibilities. While this technology has been in play for some time, it's only now becoming popular in the payments industry.

Put simply, Android terminals can run Android applications, and this allows payment providers to offer hardware that can accept payment and perform many new complementary functions. A payment terminal is a tangible point of interaction, and with its functionality expanding beyond payment acceptance, businesses now have many new ways to add value for their customers – without having to add new hardware components.

From a payment standpoint, this might be a mobile cash register application, a pay-at-table application (for hospitality), or QR code payment schemes. And the potential goes much further, because merchants can use the same hardware to power apps for staff management, stock management, customer loyalty schemes, tax-free selling, scheduling and planning, and much more. These solutions can help all types of business, or they can be industry or sector-specific.

Moreover, this gives merchants more flexibility to have their own custom app developed for a business use case that supports their very specific brand experience.

## Payment industry stakeholders are responding to market needs

As barriers to accepting digital payment become lower, for example through software-based smartphone POS systems and peer-to-peer payment apps, using Android OS makes sense for the industry.

"These solutions are complementary," said Conor Devane in our CCV Exchange webinar. "By powering terminals with Android, you can maintain a homogeneous app portfolio across devices and give merchants extra flexibility as they switch between types of hardware."

In fact, flexibility is the main advantage. Most merchants will start with a single app, probably payment-focused. But over time, as the app stores go from strength to strength and awareness grows, they'll venture into other areas. And with Android terminals, merchants are able to download apps from an app store, or centrally "push" an app to multiple terminals within their organisation. This is extremely powerful for larger businesses with hundreds of devices.

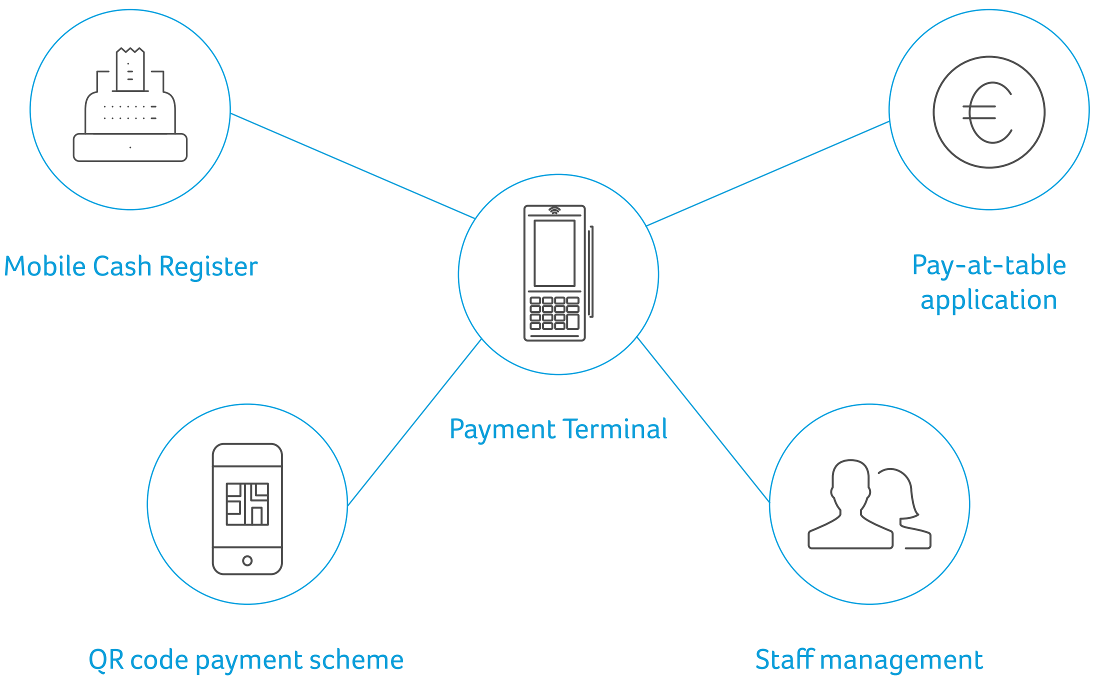
For B2B app developers, and for PSPs and acquirers, Android terminals represent a huge opportunity. The ease of building an Android app versus a custom-built application for a proprietary OS means they're able to try out new products quicker and cheaper, and without too much risk. This will encourage greater innovation in the industry over the coming years.

## Expert Opinion
## Marisa Ascher, Commercial Product Manager Mobile Apps & App Store

"When I speak to app development partners in our network, there really is a lot of excitement about the new generation of terminals. They can't wait until Android terminals become more widespread, so they can start to build a range of innovative new solutions for different sectors and business use cases. It's just the beginning right now, and there's a lot more to look forward to."

> "...a range of innovative new solutions for different sectors and business use cases. It's just the beginning right now, and there's a lot more to look forward to."

Marisa Ascher
**Commercial Product Manager**
**Mobile Apps & App Store**



Trend 3

# Mobile is established at the heart of commerce

The mobile revolution continues, and at greater velocity than ever before. As coverage and connectivity improves, smartphone ownership is ubiquitous, and online (and physical) stores become mobile-friendly, personal devices are our ultimate shopping companions. And for merchants, these same devices give amazing flexibility on accepting payment from customers.

## Consumers embrace mobile payments and m-commerce

Mobile wallets were already growing in popularity prior to the COVID-19 pandemic, but usage skyrocketed during this time as contactless payments were encouraged for safety reasons.

By 2022, digital wallets could become more popular than cash and credit cards. And one report published in the middle of 2020 claims that 44% of consumers will use contactless and mobile payments more regularly than before the pandemic. Put simply, many people who were hesitant to use apps like Apple Pay, Google Pay, and Samsung Pay have now made the switch. In Germany, for example, where cash has always remained prevalent, 48% of shoppers now use smartphones or wearable devices to make payment.

And for consumers, embracing mobile doesn't just mean paying with their mobile device in physical stores. The shift to mobile also involves "m-commerce", shopping for products (and paying for those purchases) on their mobile device. For example, in 2016, just 20% of people in the Netherlands used their smartphone for online purchases. By 2020, it had increased to 49%.

And the global shift to online shopping has seen increased growth of platforms like Klarna, and PayPal, which added 70 million users and 25% revenue growth during 2020. We're also seeing increased integration between online and in-store worlds, with PayPal launching its own debit card which can be used in its physical form or added within a mobile wallet.

## Smartphones offer merchants more flexibility than ever before

As we've already seen with Trend 2 in CCV Pulse 2021, the role of payment terminals is evolving, because merchants can turn them into a valuable asset for their business. The role of the smartphone is also evolving in the same way. More and more merchants are going to accept contactless cards, mobile wallets, and QR code payments on their own personal mobile device.

This is particularly interesting for micro-merchants, independent stores, and travelling professionals who don't need (or can't use) fully-fledged terminal hardware.

Software-based payment app solutions using NFC technology open up the opportunity to accept contactless bank cards and mobile wallets, while QR code solutions (e.g. Payconiq in Belgium and Tikkie in the Netherlands) make "peer-to-peer" payments easy between merchants and customers. Soon enough, we'll see entrepreneurs everywhere tapping their phone against the customers' to complete each sale.

## Expert Opinion
## Cornel van Mastrigt, Strategy and Innovation Advisor at CCV

"With the incredible boost to contactless payments during 2020, we've seen mobile wallets finally gaining traction – even in countries like Germany where cash is king. But the reality is that preferred payment methods will remain mixed for many years to come, although we are indeed shifting towards "cashlessness" in many European nations.

Buying habits will also remain mixed – between in-store, e-commerce, and m-commerce. The important thing for merchants is to reach customers in any channel, and be able to accept payments conveniently and securely in multiple ways."

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> Cornel van Mastrigt
> **Strategy and Innovation Advisor at CCV**

Trend 4

# Consumers take the lead with self-service

Self-service payments have been gathering pace for many years, but this has now accelerated. In the mobility sector, for example, do-it-yourself payment is everywhere. You'll find self-service at fuel stations, electric vehicle (EV) charge points, car parks, and on public transport. Now, the self-service method is expanding in other commercial arenas, including retail and hospitality.

## Self-service checkouts booming in retail

Major retailers, particularly supermarkets, are rapidly scaling the number of self-checkouts in their stores. In fact, a report released in May 2020 estimates the global self-checkout systems market will see a compound annual growth rate (CAGR)* of 13.8% between now and 2026.

Self-service checkout minimises queues, which in turn improves customer experience and maximises sales. Self-service technology also allows retailers to add more checkouts without increasing labour costs or using up valuable square metres in their store. It also enables smarter on-screen personalisation when a customer scans their store card or another identifier. Cashless payment also expedites payment, because customers aren't rummaging around for change.

And self-service goes further than unattended kiosks. "Scan & Go" apps eliminate checkouts completely, allowing customers to scan barcodes and pay on their mobile device. Until recently, this hadn't gained traction in Europe, but Coronavirus has boosted uptake. For example, in Germany, Penny has rolled out Scan & Go to 100 stores, and in the UK, major retailers are seeing increased usage – and are banking on the technology's continued long-lasting adoption.

## Micro-markets and self-checkout stores offering 24/7 convenience

Round-the-clock "in-store" shopping is now possible with micro-markets. Traditionally situated nearby offices and workplaces, micro-markets are now going mainstream in Europe. For example, Tegut has launched an automated micro-market facilitated by app-based and Girocard payments, and Carrefour Polska launched their Express "digi-store" format in Warsaw.

These micro-markets are one part of a growing vending industry, set to see a CAGR of 1.3% between 2020 and 2027. Moreover, vending has shifted into exciting and unfamiliar territory, with retailers like H&M and brands like Yves Saint Laurent testing machines for beauty products.

## Self-service in hospitality is just getting started

The hospitality and restaurant sector is on its way to become the mainstay for self-service payment solutions. McDonald's is a well-known example, having rolled out self-service kiosks globally - for customers to order their food and pay with a contactless card, PIN, or digital wallet. And the self-service concept has been adopted

* A compound annual growth rate (CAGR) is a business and investing specific term for the geometric progression ratio that provides a constant rate of return over the time period. (Source: Wikipedia)

by independent restaurants as a preventive measure to limit interaction during Coronavirus, often via QR codes, and web-based mobile ordering with digital payment – all done from the table.

Hotels are also embracing self-service, often to streamline the check-in and check-out process for their guests – and to offer 24-hour availability without increasing staffing costs. But the potential goes further, with guests being able to book door-to-door transport, operate in-room comfort or entertainment systems, order upgrades, refreshments, and concierge – and pay for any of these services seamlessly using their own mobile device.

> "The big brands are driving the self-service technology revolution in retail and hospitality, and this will change consumer expectations when they shop with small businesses."
>
> Torben Dankers
> **Sales Lead Vending at CCV**

## Expert Opinion
## Torben Dankers, Sales Lead Vending at CCV

"The big brands are driving the self-service technology revolution in retail and hospitality, and this will change consumer expectations when they shop with small businesses. Now, the industry must continue to help smaller independent businesses make the switch and adapt to these demands. We're already seeing plenty of exciting developments in this area."

Trend 5

# Loyalty and payments go hand-in-hand

Traditionally, loyalty and payments have been operating in the same space, but until now there hasn't always been a seamless relationship between the two. Now, technology is the glue that binds them, with payment solutions offering loyalty functionality, giving merchants a chance to push loyalty and gather richer customer data.

## Loyalty is being integrated seamlessly into multiple types of payment

Loyalty is built successfully when participation isn't just convenient, but totally seamless. Linking loyalty to the existing payment process is one way to make this experience frictionless, and this is what has powered the recent boost in innovation.

Brands such as Mastercard and Visa are giving merchants, as well as issuing banks, added flexibility when it comes to loyalty. Merchants, for example, can now offer customers an easy way to register their bank card on an app or website, then use it as the identifier for all in-store or online purchases. Loyalty points can then be tallied up and displayed on the customer's account without any intervention. Customers are rewarded for every transaction with no effort.

Similar integrations are now being applied to digital wallets. As just one example, Carrefour customers can now add a loyalty card to their Apple Wallet, and enjoy contactless payment using their iPhone or Apple Watch while collecting points. Big retailers are forging a path right now due to the investment needed, but more SME-friendly solutions will emerge as mass market uptake is pushed by fast, simple, secure, and standardised payment-loyalty integration.

## Gathering better data about customer habits, preferences, and behaviours

Seamless connection between loyalty and the payment process also helps merchants build a better understanding of individual customers and their consumer base as a whole. The magic of loyalty cards is that you can identify who bought what, when, and how. If repeat loyalty is made smoother and identification becomes easier, overall, customer data becomes higher-quality.

And as Arlette Broex highlighted at CCV Exchange 2020, most people don't use loyalty cards for their smallest purchases until now. Linking loyalty to payment gives merchants a much more accurate view of their customers, because every purchase is taken into consideration.

But what are merchants doing with this data? Mostly, they're providing personalised discounts and incentives to each customer based on their buying habits. This increases loyalty by giving customers exactly what they want, when they want it. And by collecting data on a vast scale, they're also able to forecast marketing campaigns better and improve their product portfolio.

Again, the collection and interpretation of this data, as well as the action that follows, is being done primarily by major retail brands at the moment. But SMEs are hot on their heels, and are already benefiting from city-wide loyalty schemes that promote independent local stores.

> "Loyalty has always been important, but by inserting the mechanisms for increasing loyalty into the existing payment process, merchants can make it more effective to create returning customers."
>
> Joury Gokel
> **Director Business Solutions, CCV Lab**

## Expert Opinion
## Joury Gokel, Director Business Solutions, CCV Lab

"Loyalty has always been important, but by inserting the mechanisms for increasing loyalty into the existing payment process, merchants can make it more effective to create returning customers. The aim is now to make loyalty scheme participation a "no-brainer" for the customer – just a pure advantage which has no downsides.

By reducing the friction and hassle, and allowing people to claim points by paying with their everyday bank card or mobile wallet, merchants are able to benefit from a deeper understanding of a larger section of their customer base."

Trend 6

# EU intensifies its payment strategy, and sets new standards

To innovate and grow, industries need private investment and support from public authorities, governments, and regulators. The payments industry is no exception. Europe leads the way in fintech, benefiting from initiatives like the Payment Services Directive 2 (PSD2) opening up the landscape to new players. And this is just a taste of what's to come, as authorities and senior stakeholders ramp up their strategic frameworks for innovation.

## Retail Payments Strategy (RPS) and European Payments Initiative (EPI)

The RPS and EPI are just two examples of many upcoming EU payments strategies. The RPS is a policy framework, which supports the development of EU retail payments and digitalisation. It is centred on creating a "customer-centric, modern, competitive and innovative payments ecosystem" for the retail sector, promoting cross-border solutions, developing an innovative payments market, building infrastructure, and supporting the international role of the euro.

The EPI is a little different. This initiative is driven by 20 major banks across multiple European nations, and it is designed to forge a path towards a collective Europe-wide scheme rivalling Visa and Mastercard – eventually replacing local schemes such as Germany's Girocard and France's Carte Bancaire. It has support from the European Commission, the European Central Bank (ECB), and other key authorities that have influence within the EU payments industry.

Both of these initiatives have been designed to simplify and enhance the payment experience for consumers, and to set the standards for upcoming innovation in the industry.

## Coronavirus has put extra pressure on regulators to adapt

With the onset of the COVID-19 pandemic, regulators experienced some of their existing plans being jeopardised. For example, there were strong calls from merchants and issuers to delay enforcement of PSD2's Strong Customer Authentication (SCA) in online payments. The UK's Financial Conduct Authority (FCA) agreed to push this enforcement to later in 2021, but the European Commission kept to their deadline of 31st December 2020.

Put simply, this means that card issuers must now decline an online transaction if the customer doesn't provide two-factor authentication. Many major online payment solutions are already compliant with this, but merchants may need to check that their third-party providers are up-to-date. This is one of the biggest regulatory developments in online payments for years.

Coronavirus has also affected official policy on in-store payments. For example, governments have supported banks across Europe in raising the maximum limits for contactless payments, with the aim of encouraging safer physical transactions. It will be interesting to see when, or if, these limits are reestablished as the pandemic fades over time.

## Expert Opinion
## Guido Lamers, CCV Lab Manager at CCV

"Regulators play a huge role in making sure dynamic innovation isn't detrimental to security, usability, or industry competitiveness. They help set the right standards, and this gives innovators a platform to work from. And we expect more of this activity in the near future.

The EU is particularly active in the realm of payments, and we welcome the energy that these initiatives bring. Ultimately, the mission of the payments industry is to make payment seamless, friction-free, and simple for the end consumer. Ultimately, all parties, private and public, have ambition to boost commerce, support economies, and help businesses to thrive across the European continent."

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> Guido Lamers
> **CCV Lab Manager at CCV**

Wrapping up, it's all about

# Collaboration and co-creation

All the trends we've explored in CCV Pulse this year have one common thread: increased collaboration and co-creation within the payments ecosystem.

With such a boost in recent innovation, industry players are coming together to create better experiences for merchants and consumers. We see banks collaborating on EU-wide schemes, app developers collaborating with PSPs and merchants on software solutions, and loyalty combining with payments. And this is just the beginning, as co-creation becomes the new norm.

We're now entering a world of seamless integrations and omnichannel customer journeys.

> "Working together is something which is needed."
>
> Enny Van de Velden
> **Chief of the Board of Directors and Chief Commercial Officer CCV Group B.V.**

# The experts behind the trends

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CCO, CCV Belgium

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# About CCV

CCV offers end-to-end payment solutions for businesses in all industries. If you need to get paid, CCV will make it happen. We'll work closely with you to get you up-and-running with the best solution for your needs, whether that's for in-store, online, or self-service commerce.

CCV provides you with a complete sales ecosystem for your business, whether you work in retail, hospitality, leisure, mobility, vending, or any other industry. We handle everything payment-related, so you can focus on growing your business and making your customers happy.

## Payment solutions

### In-store

» Payment terminals
» Transactions
» 24/7 support

### Self-service

» Vending
» Fuelling and EV charging
» Mobility (Parking and Public Transport)

### Online

» Magento, WooCommerce, and more
» PayPal, iDEAL, Sofort, credit cards, and more
» 24/7 support

Do you want to find the payment solution that meets your needs? We are happy to advise you!

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let's make payment happen

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