

The way we pay and bank is changing fast

here are 4 major developments

Tokenization, biometrics and connectivity are fundamentally transforming the customer journey and striking a balance between convenience and security. The future of banking and payment looks bright.

1

No cash? No problem!

Our once cash-centric world is rapidly going cashless. As technology advances, new and more convenient ways for customers to pay are taking over.

WEARABLES

- 24% of Europeans expect to start paying with wearables
- 66% of wearable users are ready to use them for payments if it means a frictionless shopping experience

CONTACTLESS

- \$2 trillion in contactless payments estimated in 2020
- 1 in 3 in-store transactions will be contactless in 2020

MOBILE

- 49% of U.S. millennials send money via a mobile P2P service at least weekly
- +1.8 billion Apple Pay transactions during Q4 2018

2

The future is frictionless

Merchants and payment providers around the world are integrating completely new customer experiences to attract today's ultra-connected customers.

25%

OF CONSUMERS ARE READY TO BUY FROM A CONNECTED SCREEN

54M

MPOS UNITS IN OPERATION IN 2019

30%

OF SALES AT U.S. STARBUCKS ARE NOW PAID IN-APP

81%

OF MERCHANTS CONSIDER FRICTIONLESS PAYMENT A TOP PRIORITY

3

Banking anywhere, anytime

Bank branches are being transformed, combining the convenience and security brought by new technologies with trusted in-branch assistance



1,700 classic U.S. bank branches closed within 1 year, representing a shift in banking behavior



3 BILLION digital banking customers expected by 2021

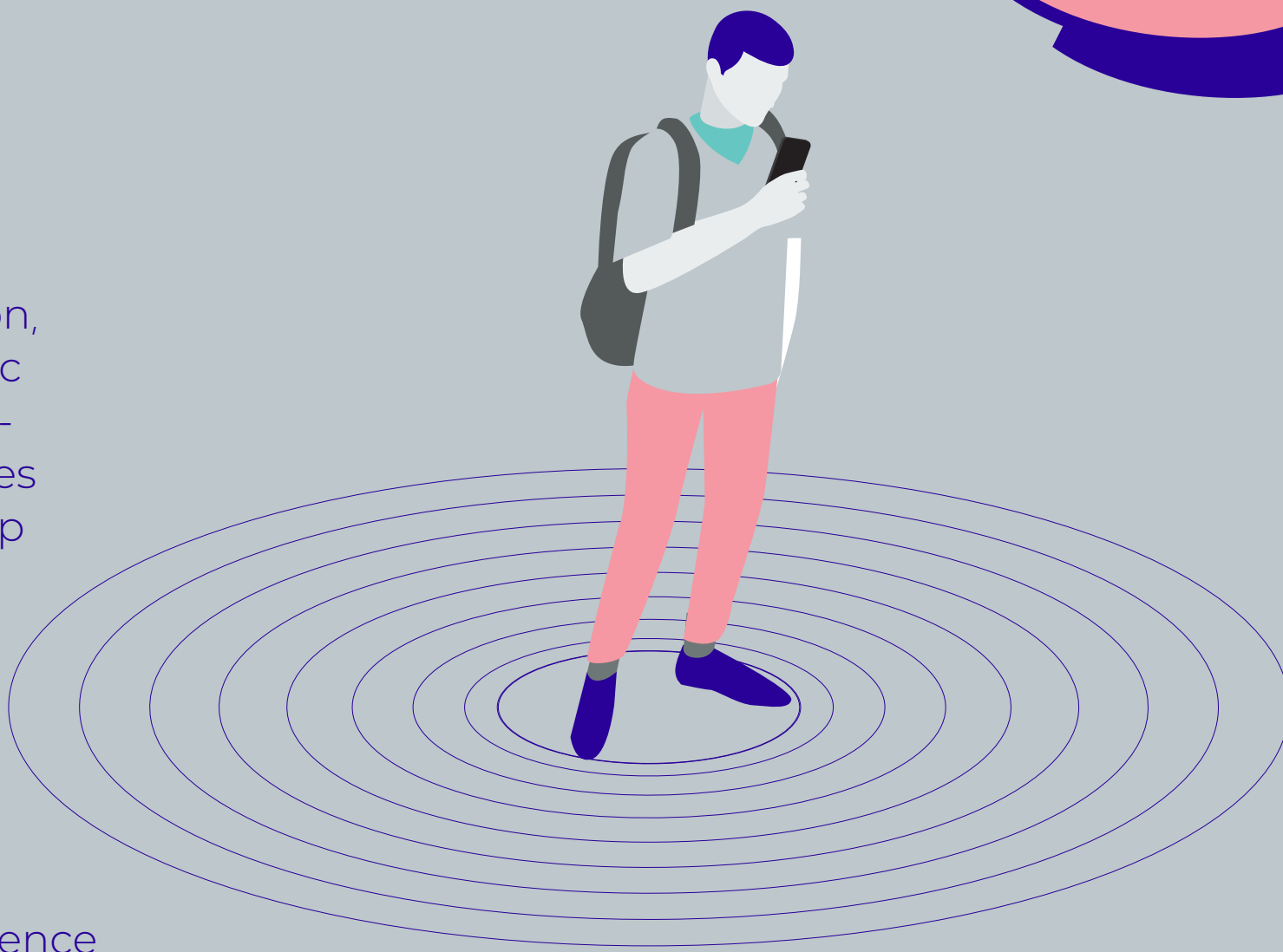


HUNDREDS of new-generation, customer-centric and technology-powered branches have sprouted up



MORTGAGE

The customer preference for applying for a mortgage in a bank branch is 3 times higher than the preference for doing so via a mobile app



Waiting is outdated as new digital services give rise to soaring customer expectations



< 5 SECONDS to retrieve or select a PIN code with digital PIN



8 MINUTES to open a bank account with digital onboarding



INSTANT CARD DELIVERY in branch and/or to your phone



INSTANT PAYMENT to send funds within seconds

4

Identity and data privacy will play a central role

In recent months, governments have established regulations to protect citizens' data and financial transactions.

GDPR - 25 MAY 2018
Europe established a common legal framework - General Data Protection Regulation (GDPR) - giving citizens control over personal data that companies collect, store and process.

PSD2 - 14 SEPTEMBER 2019
Europe's second Payment Services Directive (PSD2) added a new strong customer authentication (SCA) requirement for all online transactions.

2 of 3 elements (something you know, have or are) are necessary for sensitive, remote financial transactions.

CCPA - 1 JANUARY 2020
Following GDPR in Europe, the state of California is leading the way in the U.S. with the California Consumer Privacy Act (CCPA) to enhance privacy rights and consumer protection of their residents.

As payment and banking evolve, undesired consequences emerge...

\$130BN of card-not-present fraud between 2018 and 2023
Card-not-present comprises +73% of card fraud

...requiring innovative solutions that increase security, without sacrificing convenience.

DIGITAL ONBOARDING		BIOMETRICS		DYNAMIC CVV	
30%	forecasted increase in accounts opened online in 2020	80%	of customers interested in this proposition are millennials and Gen Z	82%	of global consumers are ready to use their fingerprint instead of a classic PIN code to pay
18BN	payment authentications expected by 2021	83%	of customers would be more likely to use a card with a dynamic CVV than one with a static CVV	88%	deem that a dynamic CVV would protect them against online fraud issues

IDEMIA's innovative solutions are driving the market forward and enabling the payments and banking of today and tomorrow:

- ▶ 800 M payment products delivered in 2019
- ▶ Up to 4 M cards digitized every month in mobile wallets
- ▶ 1 M biometric authentications per day