

- >> GESTION DES TRANSACTIONS
ELECTRONIQUES
- >> PAIEMENT
- >> eSERVICES
- >> CRM



Jean-Michel Dasnoy

Banksys “Pay2Me” Project

AK ePayment 26th April 2007

Agenda



- Banksys and BCC - history, products & key figures
- Mobile Banxafe - Pay2Me
 - Market analysis & strategy
 - Business requirements
- The project

History of electronic payments in Belgium

1975



1977



Generale Bank, Gemeentekrediet

1978



ASLK, BBL, KB



1980



1981



1982

1984



1986



Compatibilty

1988



1989

2007



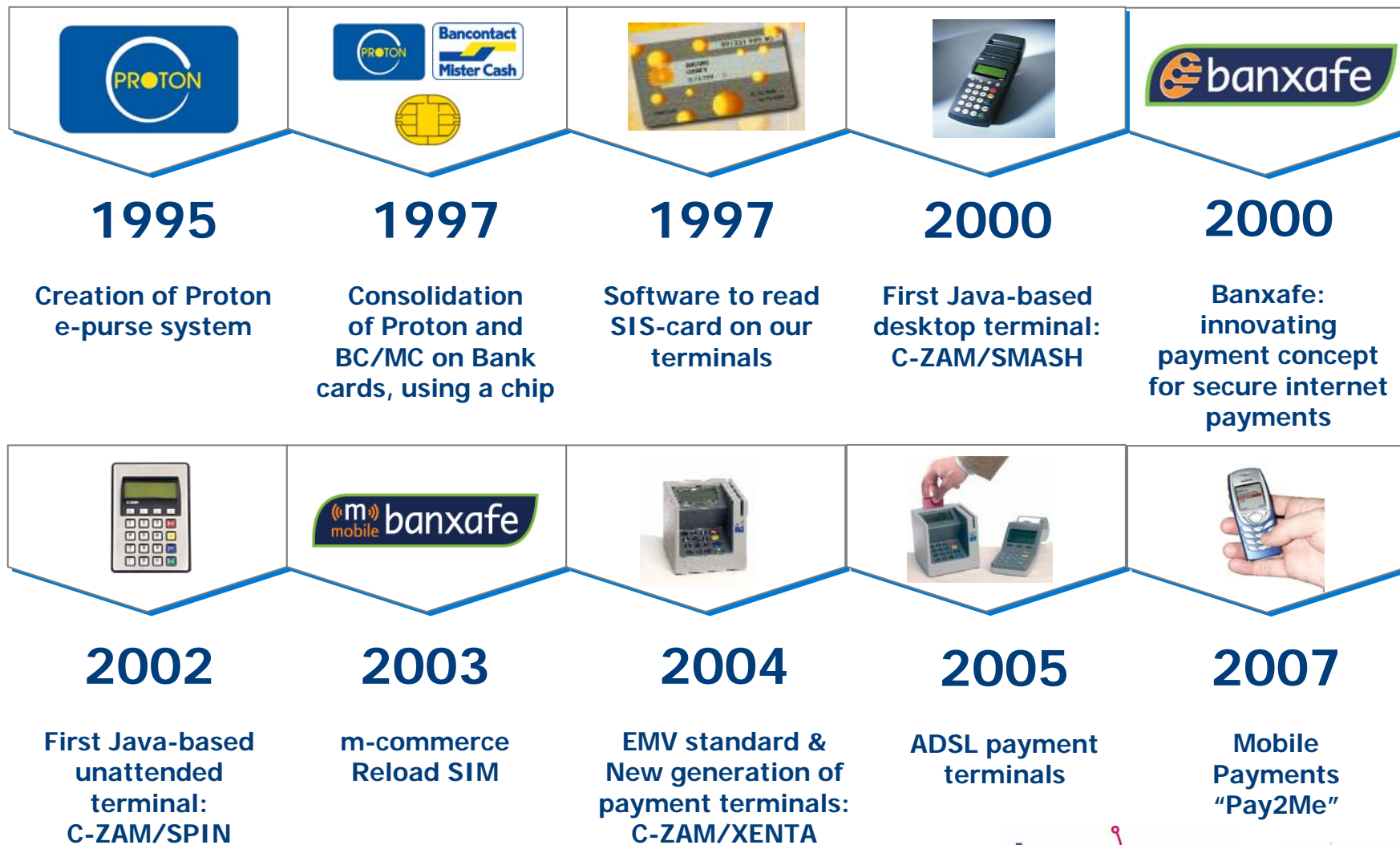
Reliability, security, availability



First mover in card technology and access devices



Products & Technology

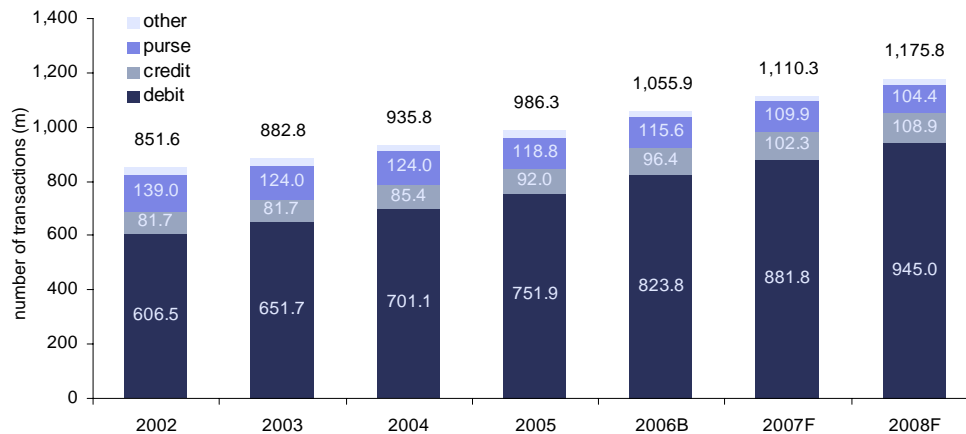


Banksys impact on society and economy



Key Figures 2006

- Number of transactions: 1 billion
- Total amount: €55 billion
- Total number of cards: 14 million
- BC/MC Tx record: 4 Mio Trx/day
8.000 Trx/minute
- Number of POS terminals: 163.000 in Belgium
400.000 in world



“Pay2Me”



Market context & driver for the business case



- Lot of new initiatives around payment surfaced during the “Internet bubble”:
 - New entrants – des-intermediation
 - Micro payment
 - Paypal, Paybox, Crandy,...

- Strategic study on new technologies initiated with the banks in 2000-2001:
 - How could existing payments solutions be improved, extended?
 - Mandate from Belgian banks (Banksys shareholders by then) to develop a mobile payment solution and to negotiate with the Belgian Telecom sector
 - High level of top management sponsorship and involvement
 - Market survey

Mobile payments: plenty of business opportunities

Increasing risk

High
amount

$t > 10€$

- Internet payments
- Mobile banking: bill
- Mobile shopping/ticketing
- GSM Prepaid reload

- Merchants without POS
- Person to person

Low
amount

$< 10€$

- Content purchases
(logos/ring-tones, tunes,
Java games, news,...)

- Retail shops (fast-food,
newspaper,..)
- Parking, transport, vending
machines

Virtual world

Physical world

Decreasing
fees

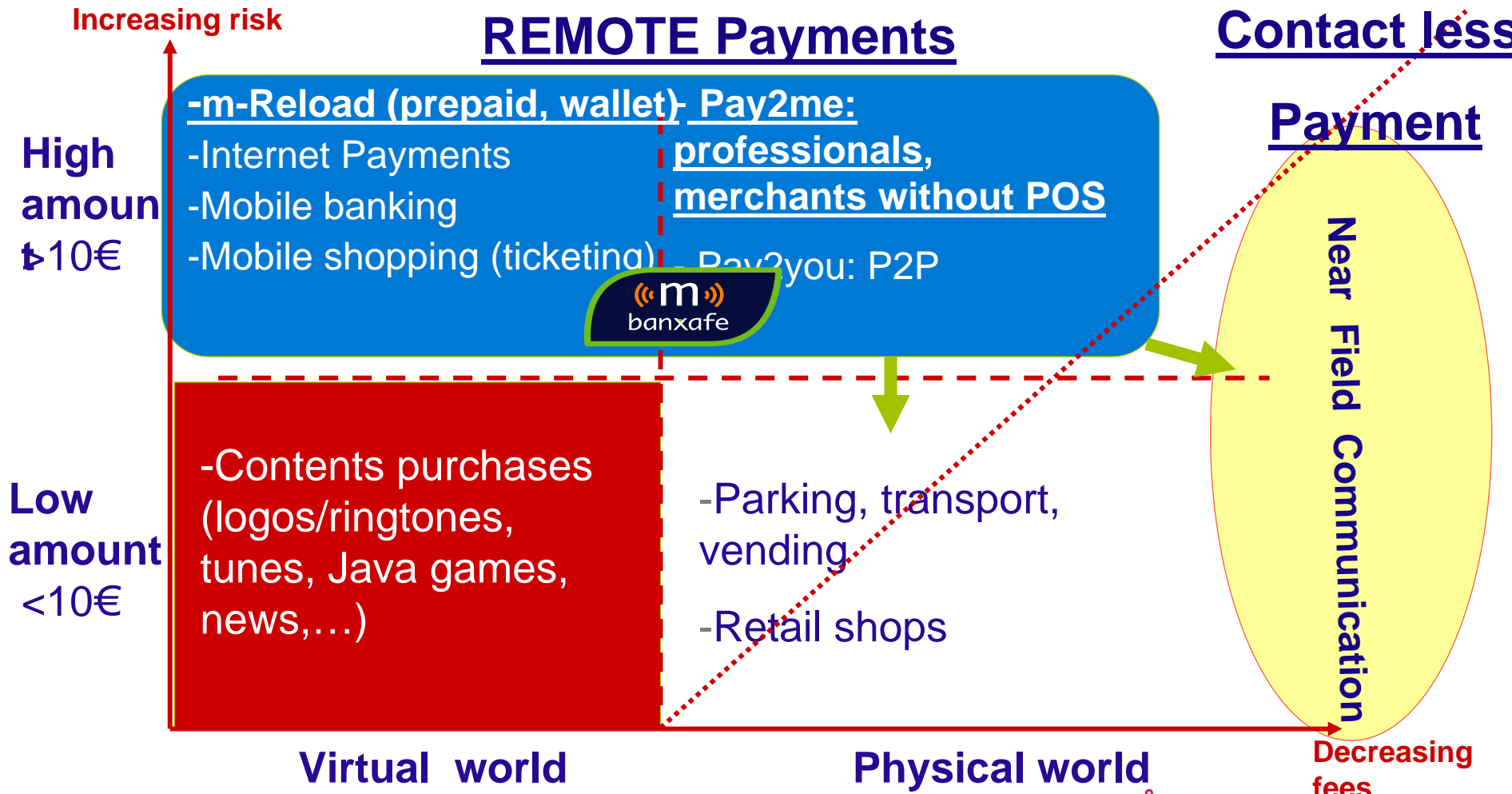
The business requirements



- Which opportunities do we want to address ?
- Which level of security do we need ?
- What are the available technologies on which we can build our solution ?
- How to make the solution the most user-friendly for the end-user ?
At level of registration, usage for the different business ?
- Are there already some international standards available ?
- How can we build a positive business case ?
Which application should be launched first, what is the product roadmap ?
What should we obtain from the Telco's ?
- Which types of tools and processes do we need to support the solution ?

Technologies that meet business requirements

m-banxafe positioning and evolution



Specifications

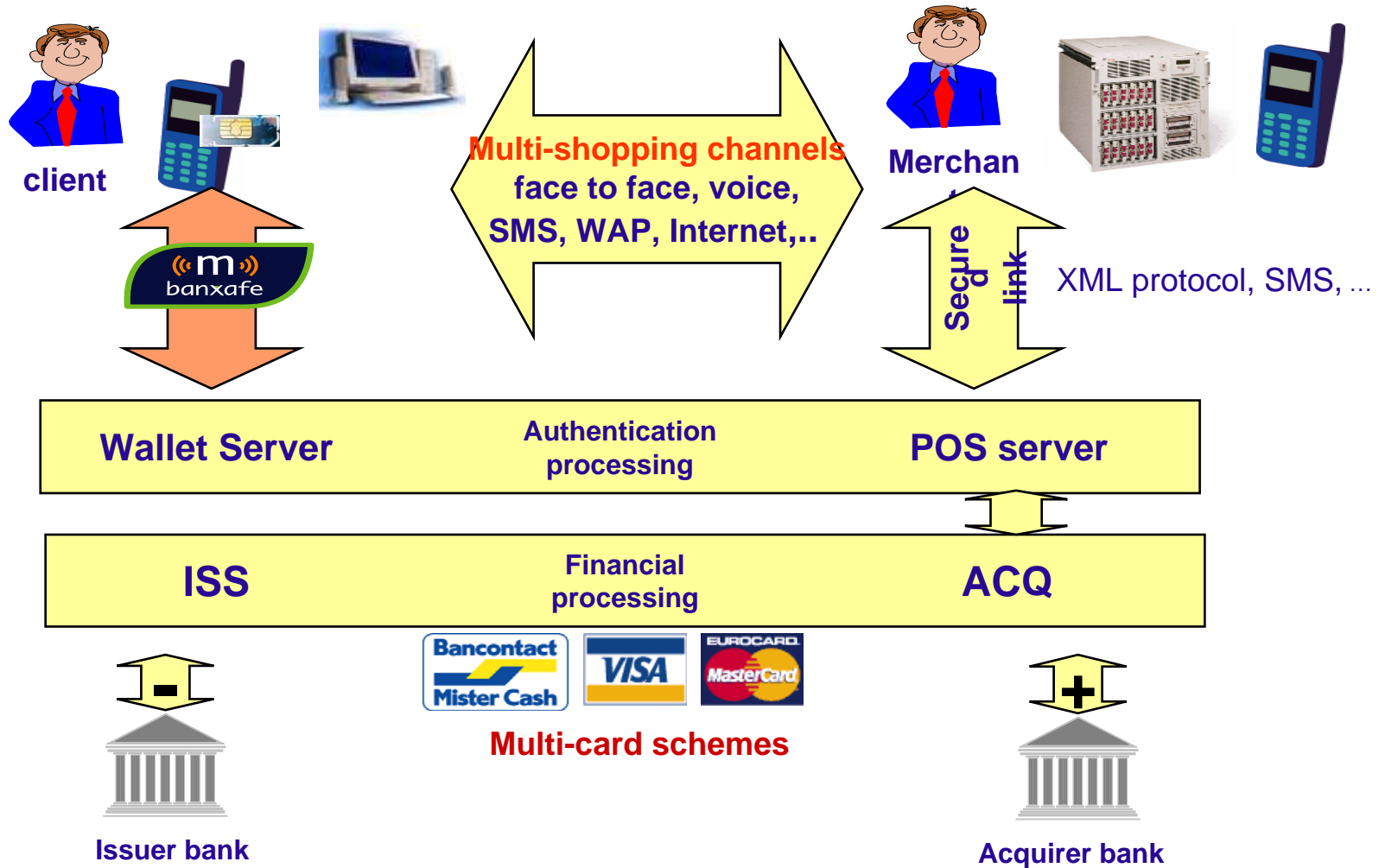


- Open architecture for remote mobile payments addressing multiple opportunities and shopping experiences
- Same security as bank cards
- Maximum user convenience

Technology is based on

- Signature JAVA applet on SIM cards
- Wallet server
- Transport via SMS (classe 0,1,2)
- Signature with m-banxafe PIN Code
- End to end security (authentication, encryption)
- Multi keys for multi applications

Solution open to multi shopping channels !



Mobile payment applications

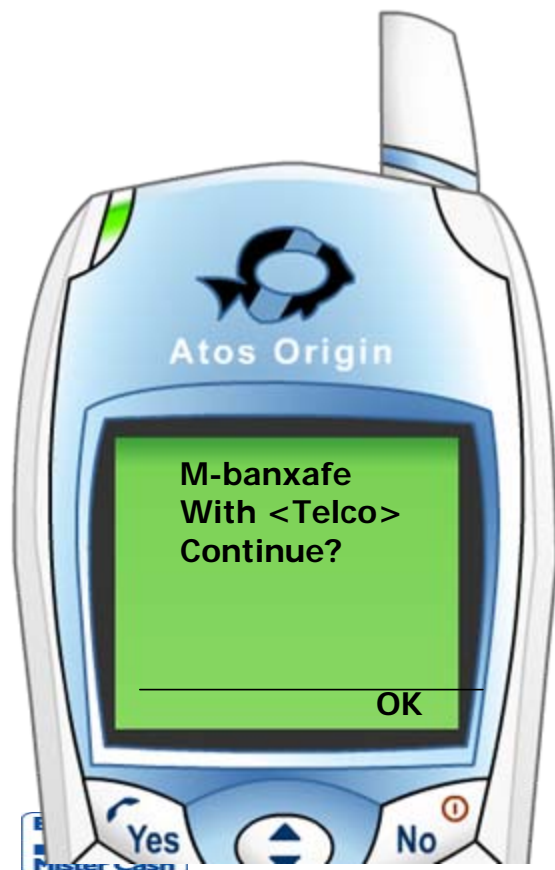


M-Reload

Reload prepaid account

M-Consult

Consult last tx



Pay2me

Payment between 2 GSM

M-BAL

Check Bank Balance

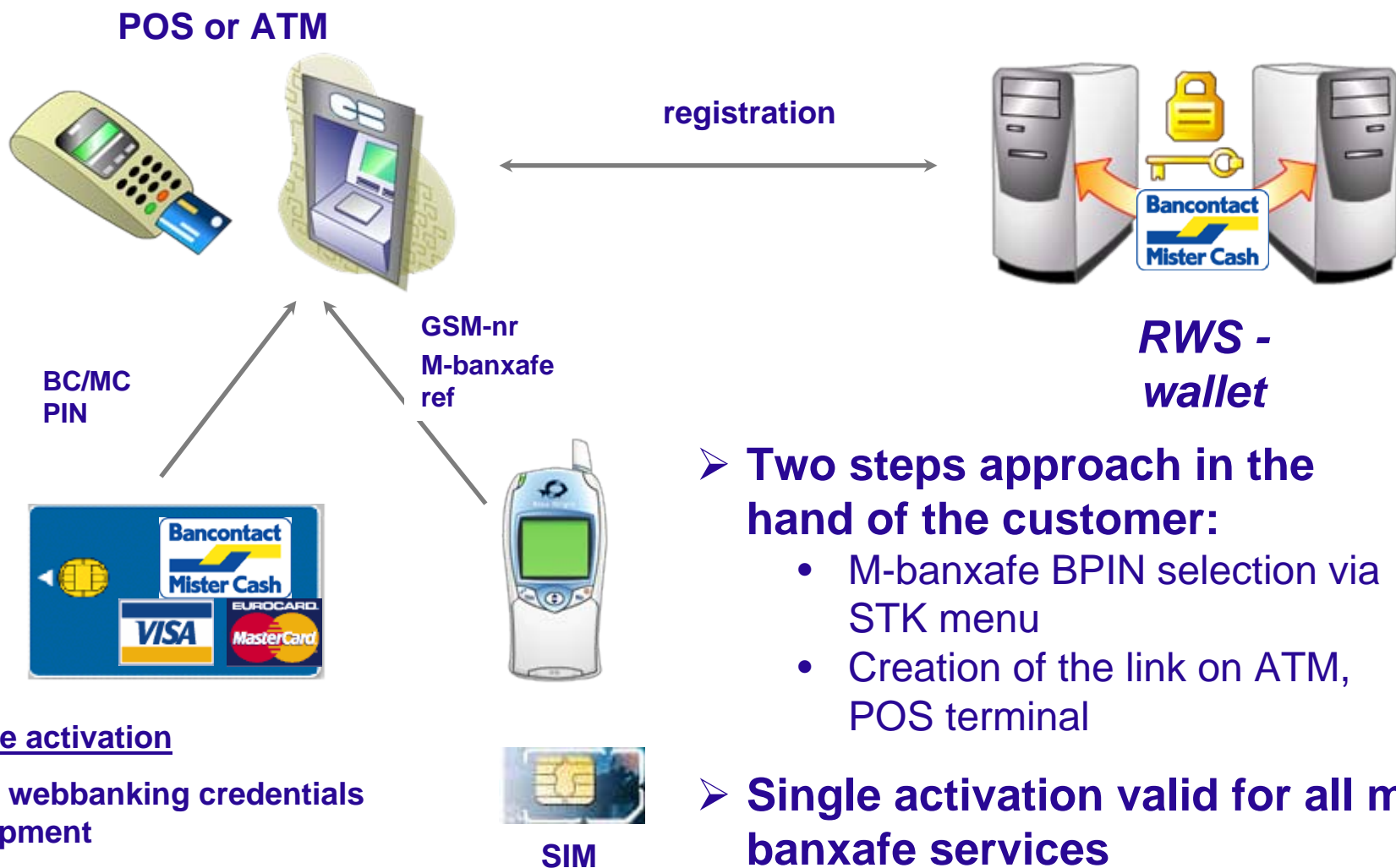


freedom of speech



M-banxafe activation

Leave the process in the hands of the end-user



- Two steps approach in the hand of the customer:
 - M-banxafe BPIN selection via STK menu
 - Creation of the link on ATM, POS terminal
- Single activation valid for all m-banxafe services

The first application based on m-banxafe technology

Reload your prepaid account via GSM = real business case for Mobile operators and banks in Belgium

Payment guarantee

Cheapest solution



Already 25% of all reloads for Mobistar after 3 years (6 millions Tx in 2006)

Anywhere / anytime

« Pay2Me » new challenge for 2007



Face to face payments

- Between two mobile phones
- Merchant needs to be registered to receive money on Internet
→ fast and free
- Customer must be m-banxafe
- Payment between bank accounts
- Cost of payment invoiced by Telcos (SMS premium)

➤ Target = all people without POS who need to receive payments regularly (3,5 billion cash tx in Belgium)

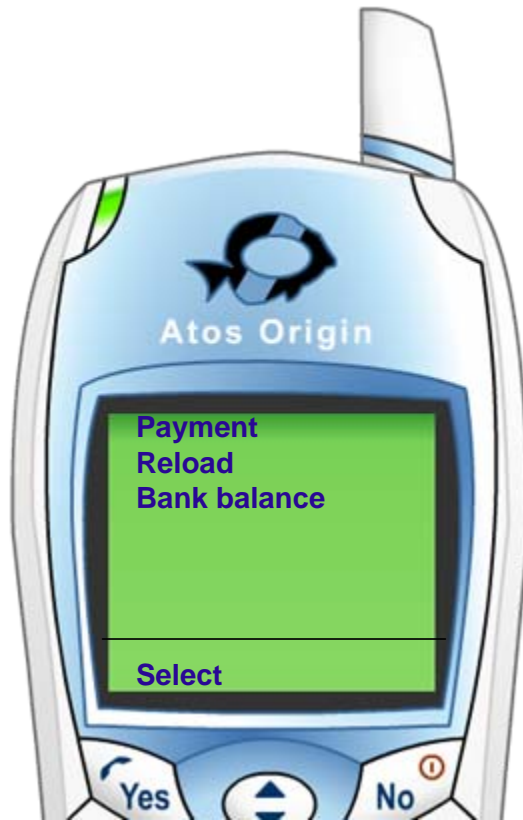
- Freelances and professionals:
 - Plumbers, electricians, nannies,....
 - Doctors, dentists, nurses,...
- Mobile merchants:
 - Parcels services, taxis, market shops,...
- Sectors that don't massively use POS:
 - Restaurants, pubs, sport centers, hairdressers...

TARGET: 200.000 merchants in Belgium

How does it work ?



Merchant



Merchant initiates the transaction from his STK menu



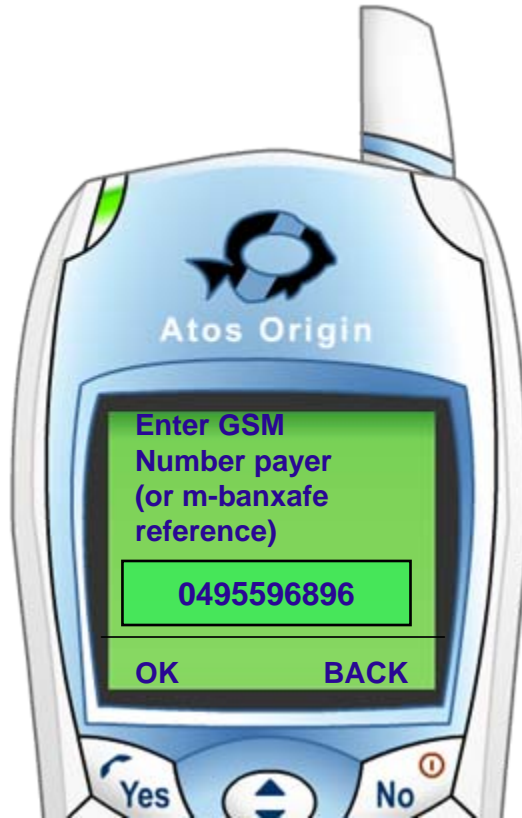
Buyer



“Pay2Me” Transaction



Merchant



The application requests the number of his customer.



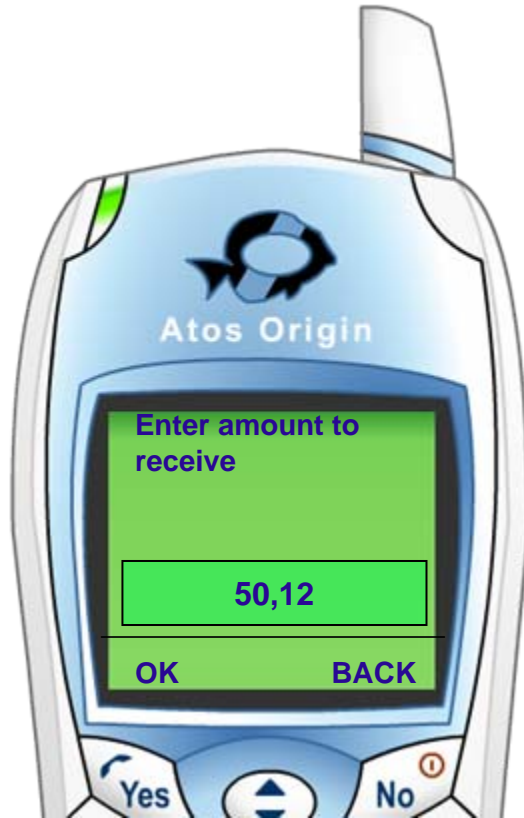
Buyer



“Pay2Me” Transaction



Merchant



Then the amount he wants to receive.



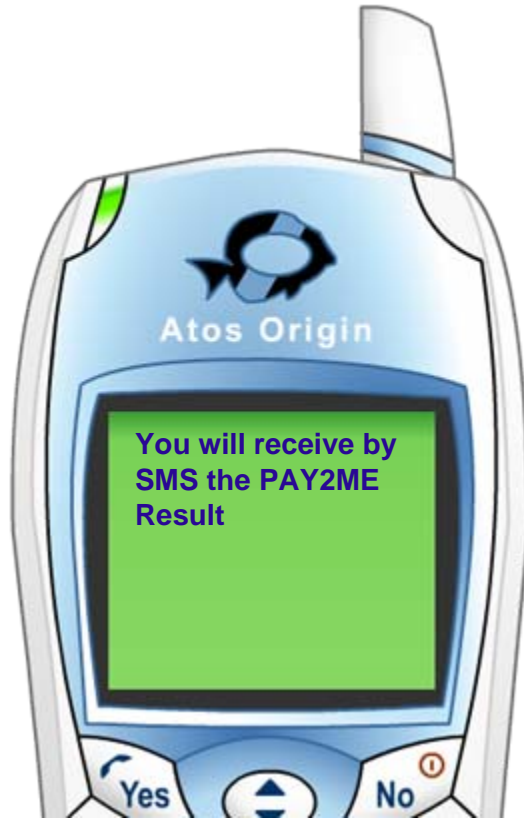
Buyer



“Pay2Me” Transaction



Merchant



In both cases, this generates a request to the payment server.



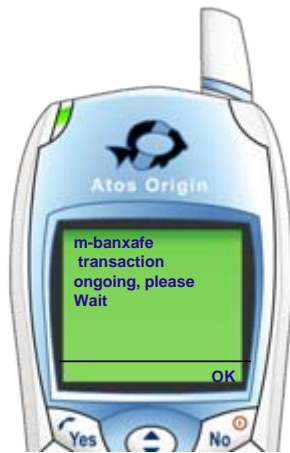
Buyer



“Pay2Me” Transaction



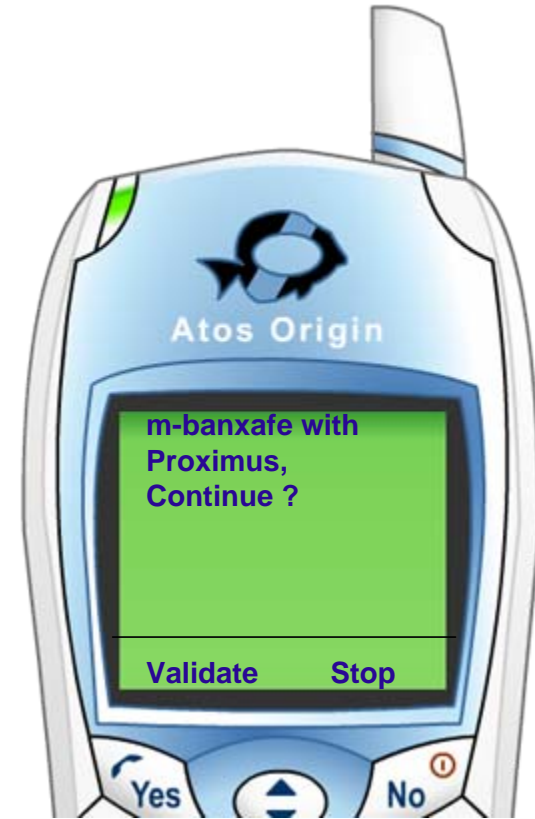
Merchant



The buyer receives a signature request.



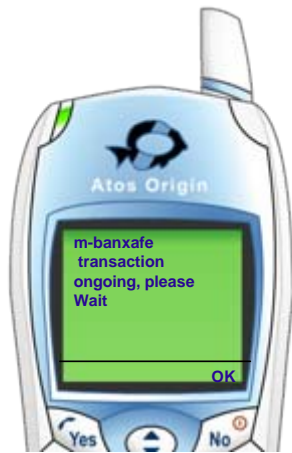
Buyer



“Pay2Me” Transaction



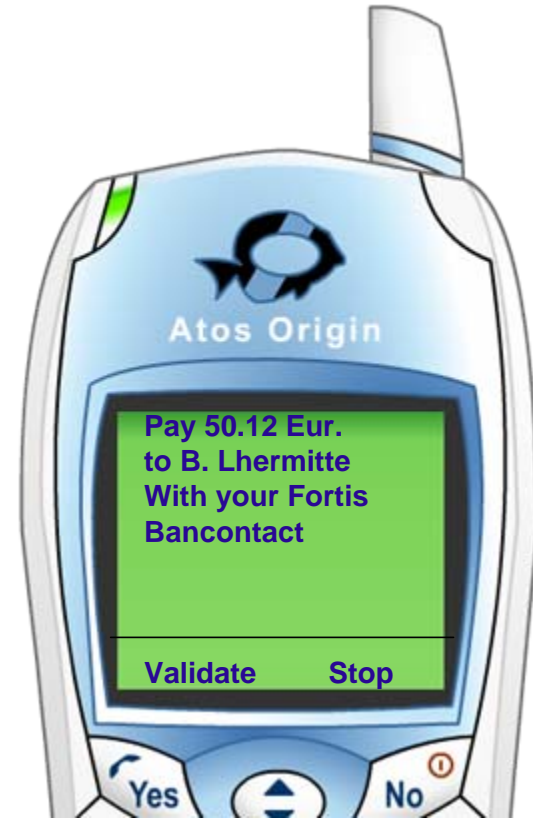
Merchant



The applet displays the data to be approved.



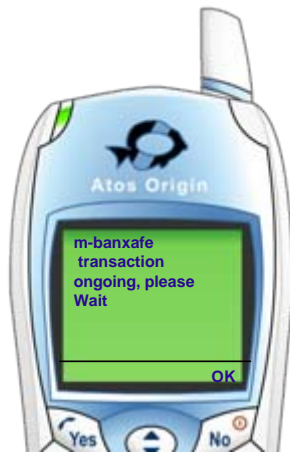
Buyer



“Pay2Me” Transaction



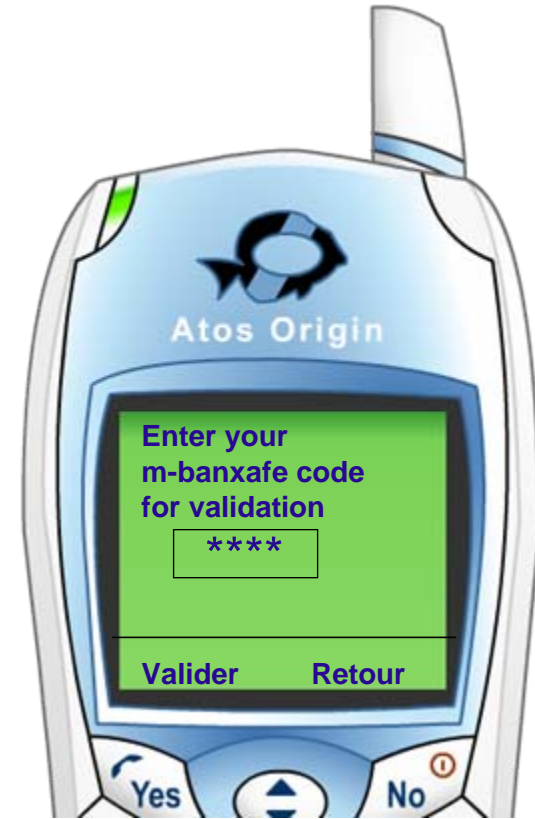
Merchant



The buyer types his m-banxafe PIN code and waits for the notification.



Buyer



“Pay2Me” Transaction

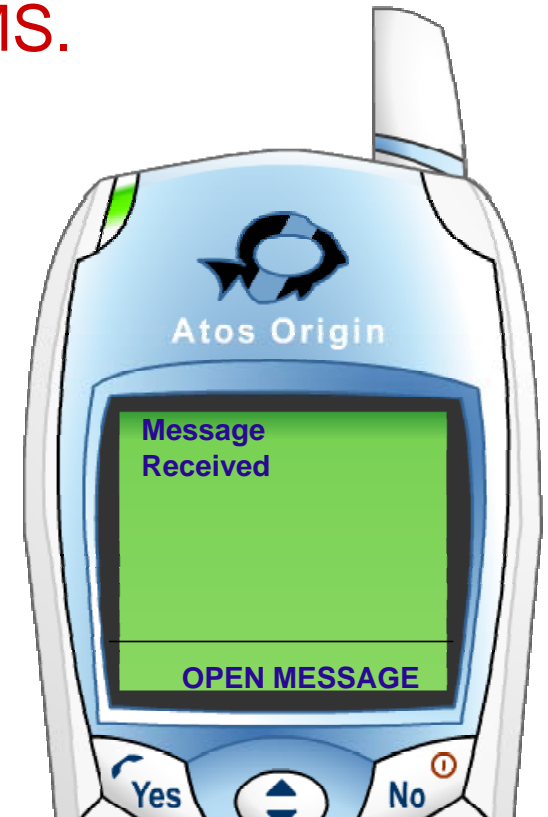
Both Parties receive a notification message via standard SMS.



Merchant



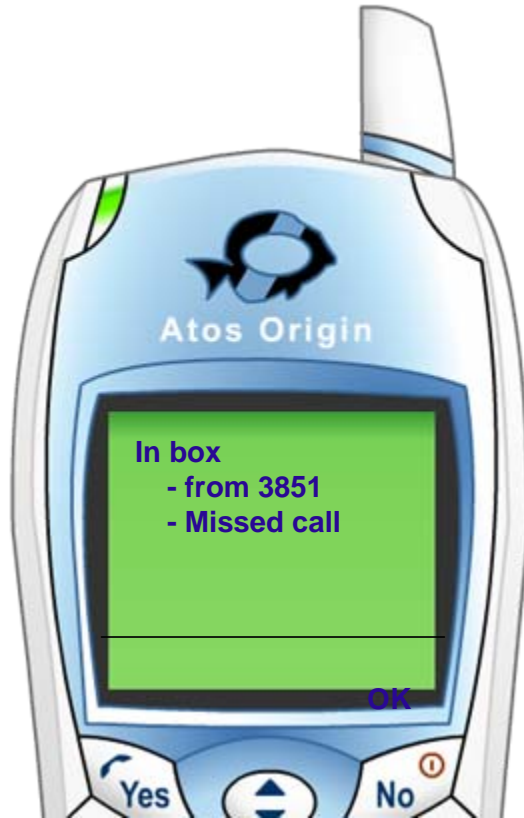
Buyer



“Pay2Me” Transaction



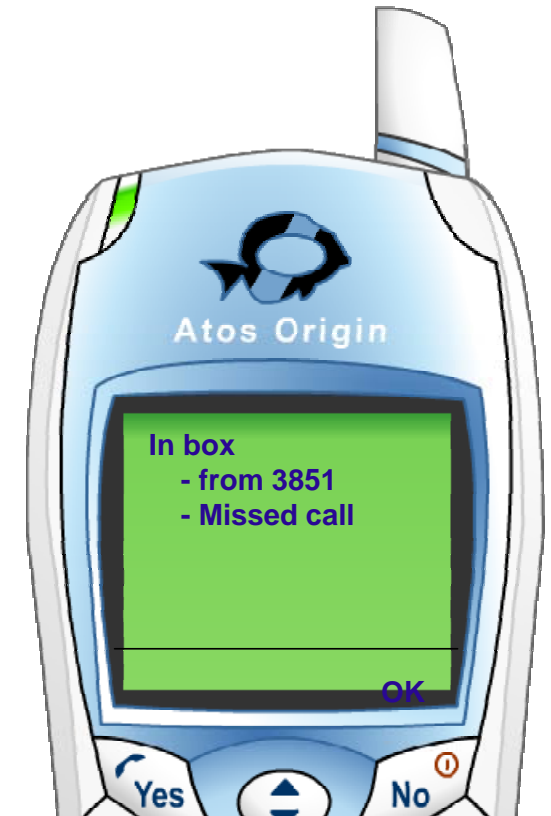
Merchant



They open the received SMS.



Buyer

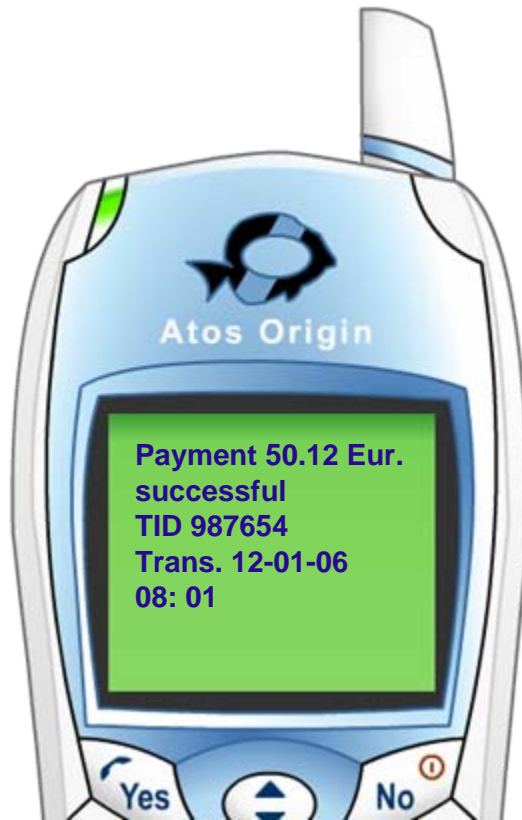


“Pay2Me” Transaction

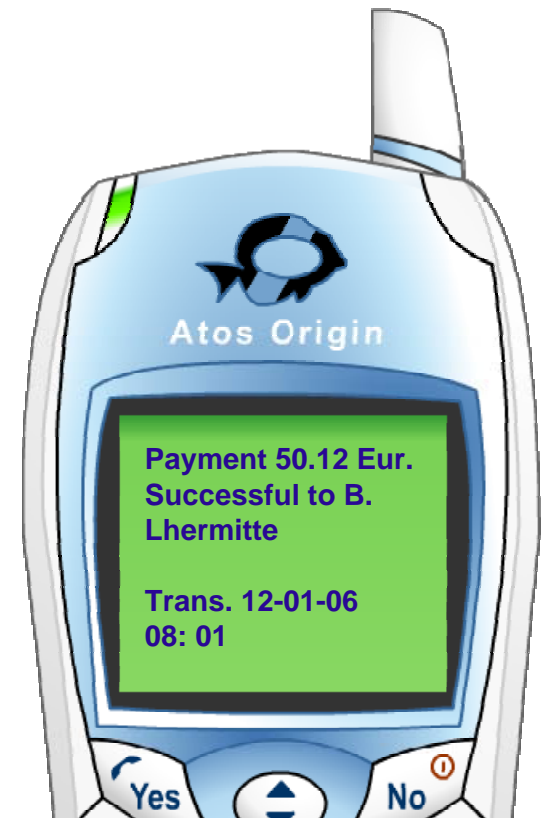
Mutual confirmation.



Merchant



Buyer



Key success factors



➤ User convenience

- Security perception
- Ease of use (same signature process in 3 screens)
- Activation in the hands of users
- One activation for all services (including proximity in future)

➤ Business model

- Telco companies
 - SIM deployment follows normal life cycle
 - Cheap and convenient reload solution (ARPU ++)
 - New revenues generated by m-banxafe services
- Banks
 - Limited investments: m-banxafe relies on existing card payment infrastructure
 - Same fees as card transactions
 - But business opportunity to capture new transactions
 - Security ready for mBanking

➤ Standardization at level of a country

THANK YOU

Jean-Michel Dasnoy

Head of Marketing & External Communications

jeanmichel.dasnoy@banksys.be