



# Co-creating the payments revolution

**VISA**



The payments industry in Australia and New Zealand is undergoing a period of increasingly rapid change with new technologies, innovations and new industry players changing the way we pay. This forces a rethink of how we do business and how financial institutions, merchants, governments, startups and developers need to come together to create the commerce experiences of the future. At Visa, our goal is to be as easily accepted in the digital world, as Visa is in the physical world. So, in the face of this change, Visa is evolving to become an open commerce platform to enable the future of payments.

So, what are three of the major trends impacting payments today, how is Visa transforming and what are the capabilities we are delivering to enable smarter, more customer-centric ways to pay for everyone, everywhere?

# Trends impacting payments

## #1 - Innovation comes from anywhere

Technology has made innovation more accessible and it's being delivered by everyone – the large corporations, start-ups and even the end users themselves are playing a role in designing new products and services. We're of the view that to innovate in the future, it may no longer be necessary to own the entire value chain. APIs ([Application Programming Interface](#)) are quickly becoming the building blocks by which companies exchange data and capabilities to build new customer experiences. We must all work together to best harness innovation, wherever it originates, to create the best customer experience.

## #2 - Customer experience matters

Customer experience is more important than ever, as are speed and simplicity. Just because today's technology can do anything, it doesn't mean it has to do everything. We don't believe in innovation just for innovation's sake. Models that succeed offer relevant customer experiences. To be relevant you must add convenience, subtract a pain point, or add value in a new way. In payments, QR codes and virtual reality are two such examples. Marketers will tell you that QR codes are dead, because they're not simple enough and the content or offers or services provided through QR codes aren't good enough to keep a customer coming back. But QR codes are improving because they're offering up better experiences. Look at virtual reality. It's coming back after a dip in popularity, because now it's enabling a range of experiences that are easy to use and add value to consumers.

## #3 - The internet of things

Connected devices are getting smarter and there will be 50 billion of them by 2020.<sup>1</sup> That same year, the world's population is expected to be 7 billion.<sup>2</sup> We have only scratched the surface of how the internet of things will transform our lives. Now is only the beginning of the 'fourth industrial age.'<sup>3</sup> What happens when everything across manufacturing, government and industry becomes digitised? This is a profound leap that hasn't happened yet.

We're already seeing an impact on payments with the connected car that can pay for petrol or parking, and refrigerators that can order and pay for groceries as items run out.

<sup>1</sup> Bloomberg, January 2014

<sup>2</sup> Geohive, April 2016

<sup>3</sup> McKinsey, 2015



# Visa is transforming to become an open commerce platform

Visa is making it easier for anyone to deliver new payment experiences for their customers. Making a payment, transaction or moving money should be as simple as sending a text message to a friend.

In the face of rapid industry change, Visa is transforming by:



## Evolving our definition of partnership

We are collaborating in new ways and building partnerships with new types of service providers who are adding value to the payments ecosystem. This supports our banking and merchant partners because together we want to enhance the payment experiences of their customers.



## Opening our network through [Visa Developer](#)

Visa Developer is the new front door to engage, experience and collaborate with Visa. We are transforming VisaNet, the world's largest retail payment network, into an open platform for payments and commerce. For the first time in the company's history, developers at merchants, financial institutions, technology companies and start-ups will have open access to Visa technology, products and services. Visa's vision is to create an open marketplace where developers can publish their own digital commerce and payments application, download examples of what others have built and partner with financial institutions and merchants to bring solutions to market.

# Capabilities Visa is delivering to enable the future of commerce

Visa is delivering customer-centric capabilities that enable new payment experiences now and for the future.



## Visa payWave

Paying with a tap – whether using a card, smartphone, or wearable – is the baseline expectation for shoppers in Australia and New Zealand. Customers are adopting other ways of making payments that are convenient, secure and offer a more context based payment experience, such as pay bands or other wearables. We will continue making Visa payWave easier and more widely accepted, in whatever form customers choose to pay with, at any kind of business, to remove the friction from paying with cash.



## Visa Checkout

Visa Checkout is our online and in-app payment service that allows customers to make purchases quickly and easily from their smartphone, tablet, laptop, or PC. We continue to enhance Visa Checkout to deliver a more seamless experience and reduce the number of steps to finalise a payment, because customers are still feeling too much friction when they buy online. This is particularly important because more people are buying on their mobile.

**Around half (49%) of Australian Visa Checkout transactions in 2015 were conducted on a mobile device (smartphone or tablet).<sup>4</sup>**

<sup>4</sup> Visa Checkout data, December 2015





## Visa Direct

Visa Direct is a set of APIs that connect into a financial institution's existing banking platforms to enable push payments. Push payments allow people to transfer funds from their bank account or payment card to another person's account via their smartphone, tablet or the internet. One of the most well-known forms of push payments is peer to peer (P2P), but Visa uses the term push payments because the capability can also be used by businesses to pay consumers and consumers to pay businesses.

Push payments are an untapped opportunity in Australia and New Zealand. It's still too hard for people to pay each other electronically to and from any device, financial institution or country. There are solutions available, but few can offer near real time funds availability across institutions, payments across international borders without knowing the receiver's bank account information, and all payments made via an easy to use mobile interface. Visa Direct is available now and can be used to support a wide range of personal and business transactions.



## Visa Token Service

The Visa Token Service provides a new layer of security for digital payments that removes sensitive account information and replaces it with a unique digital identifier called a token. Tokenisation breaks down the barrier of risk that has existed around putting a consumer's account number into more devices and is delivering previously unimagined payment possibilities.

Tokenisation is the cornerstone of digital payment solutions, whether they be issuer wallets from banks or third party wallets like Apple, Samsung, and Android Pay. Tokenisation also enables payments in connected devices and the internet of things.



## **Customer experience solutions**

Visa is developing an enhanced set of solutions that will make payments seamless in all contexts. We imagine this as a kind of payments Swiss army knife: multiple solutions accessible through one tool, the Visa Developer platform. Examples of these capabilities include Mobile Location Confirmation, Visa Commerce Network and Payment Controls.

The industry trends and forces driving change in the payments industry will only continue to speed up. Visa's role is about setting the conditions for our partners to deliver payments innovation in Australia and New Zealand.

**Our vision is to be the best way to pay and be paid for everyone, everywhere. Let's co-create the future together.**



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