

Payment Linked Rewards in the Digital Age

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The changing payments environment



Digitisation

- Acceleration of electronic payments in place of cash
- Greater use of frictionless payments including contactless and biometrics
- **E-commerce retail sales growth will continue to outpace in-store sales**



Market Transformation

- Traditional players expanding beyond their core through Tech and M&A
- **New breed of payments competitors entering with unique models**
- Open Banking and Fintech creating change in banking
- **Emergence of digital super powers driving change**



Regulation

- Greater regulation imposed by governments, states and regulators
- De-globalisation of standards and processes
- Increased expectations of companies role in society



New Technology

- Payments infrastructures accelerating multi-rail strategies (e.g. open banking)
- **Next generation technologies– 5G, IoT, Blockchain and AI– could transform commerce**
- Ubiquity of data and connected devices will heighten focus on data security and privacy

Driven by increasing consumer demand for speed, simplicity, transparency and value

The shift to digital commerce has created an irrevocable change in consumer behaviour



Shift to Digital Spend

48%

US consumers used digital channels to shop in the first months of the Covid-19 pandemic¹

3X- 4X

Expected growth in e-commerce volumes compared to physical point of sale until 2023²



Contactless Adoption

48%

US consumers more likely to use contactless cards since the pandemic³

57%

Of consumers say they will continue to use contactless payment post-pandemic⁴

69%

Of retailers have seen contactless transactions rise⁴



Increased Digital Banking

72%

Rise in the use of Fintech apps⁵

51%

Of consumers said digital banking would be their preferred method of banking post pandemic⁶

New players are moving into payments



Payments are attractive for....

- The large customer base
- Legacy infrastructure holding back traditional players
- New economic models driven by data
- Different business motivations



Fintechs



Global eco-systems



Marketplace platforms



Digital payments



Social platforms



Other sectors



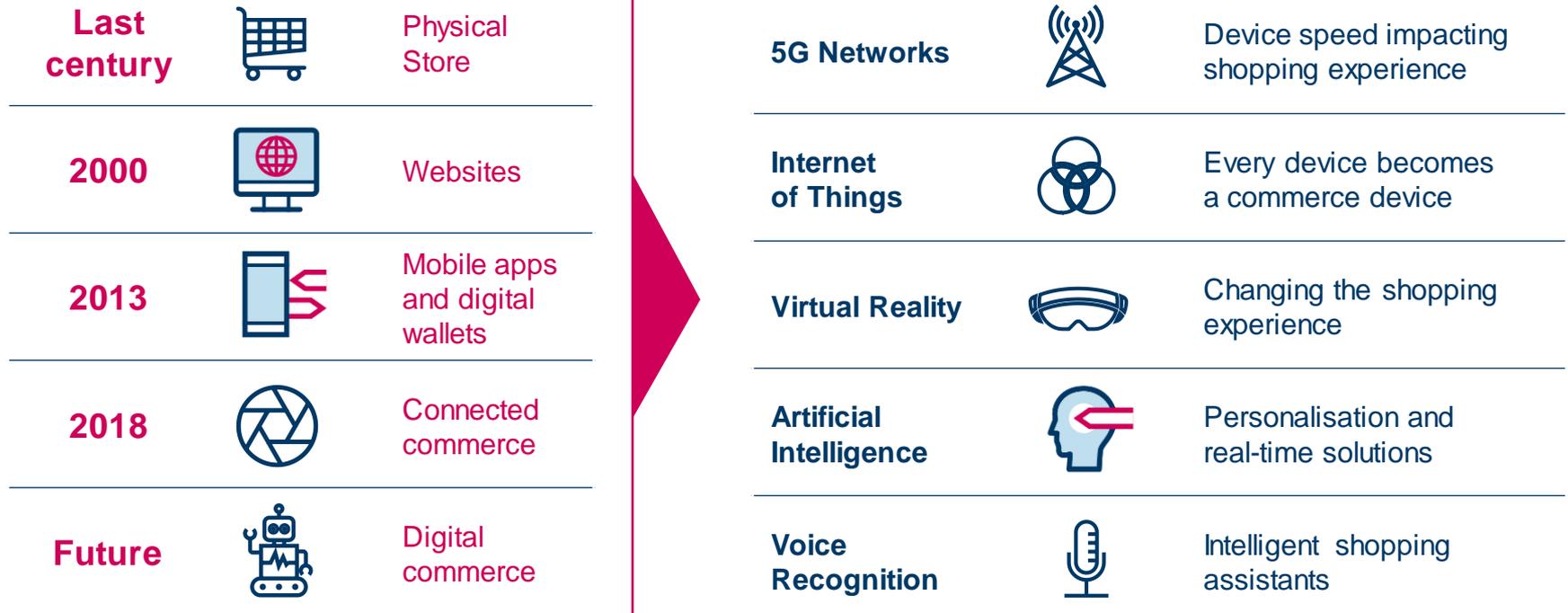
GAFAs have entered the fray



Payments can enable diversification, new revenue and better customer data

				
Revenue (2019)	\$274B	\$281B	\$160B	\$70B
Core Business	Electronic hardware	E-commerce platform	Search engine	Social media platform
Revenue Driver	Consumer electronics	Marketplace web services	Digital advertising	Digital advertising
Payments Objectives	<ul style="list-style-type: none"> Increased Consumer Engagement 	<ul style="list-style-type: none"> Customer Experience Cost Reduction Merchant Value 	<ul style="list-style-type: none"> Data 	<ul style="list-style-type: none"> Data Customer Engagement and retention

Technology development will underpin consumer shopping and payment behaviour



Shopping & payments will be re-imagined with new commerce technology adoption



The Phone

- QR codes and Apps in restaurants
- Contactless check-in, unlock hotel door
- Virtual fitting rooms; contactless checkout



Retail

- Drive thru grocery
- Drone pick up and delivery



New Technology

- Pay by face recognition
- Voice assistants



Social

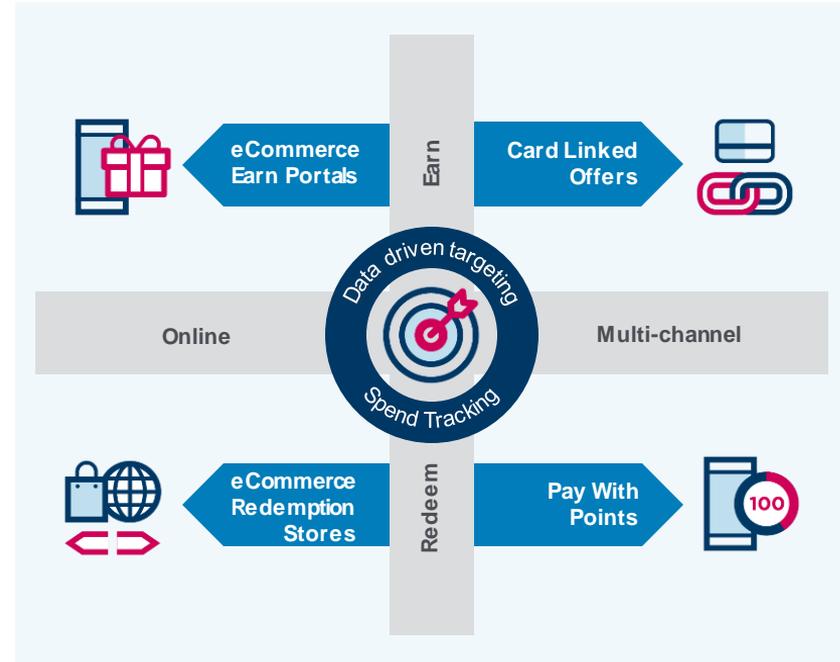
- Social shopping experiences
- Livestream shopping events

Meeting this changing landscape

Valuedynamx: the leading provider of global loyalty commerce & personalised offer networks

We provide products and rewards that enable our client brands to more frequently engage their customers, leading to more profitable and long-term relationships.

- **39 client** deployments, **300m+** audience
- **7m** transactions / **£3bn consumer spend** p.a.
- Network of **50,000+ retail** partners
- **5 core propositions** covering Earn & Redemption; Online & Offline; Spend Tracking
- **Data driven targeting & card linking capabilities** driving future acceleration



Actionable data insights across propositions



Valuedynamx Data Ecosystem: Purchase data and Behavioural data

Consumers

Machine learning models will be used to **Target & Personalise**. Identify preferences to predict and target **best offer** at the **optimal conversion rate** at the **best time** across the combined product propositions.

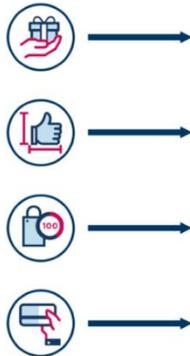
Merchant Partners

Enhanced data will improve **ROI reporting**, merchant reach and sharing actionable insights to increase offer conversion.

Program Partners

Higher ROI across all exposure channels supported by personalised marketing, content and customer journeys.

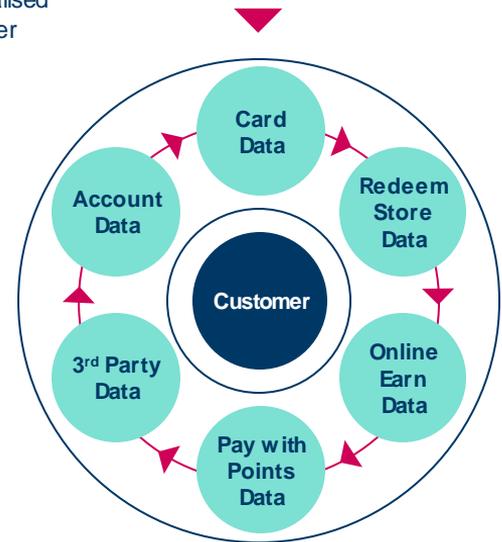
Single Customer View



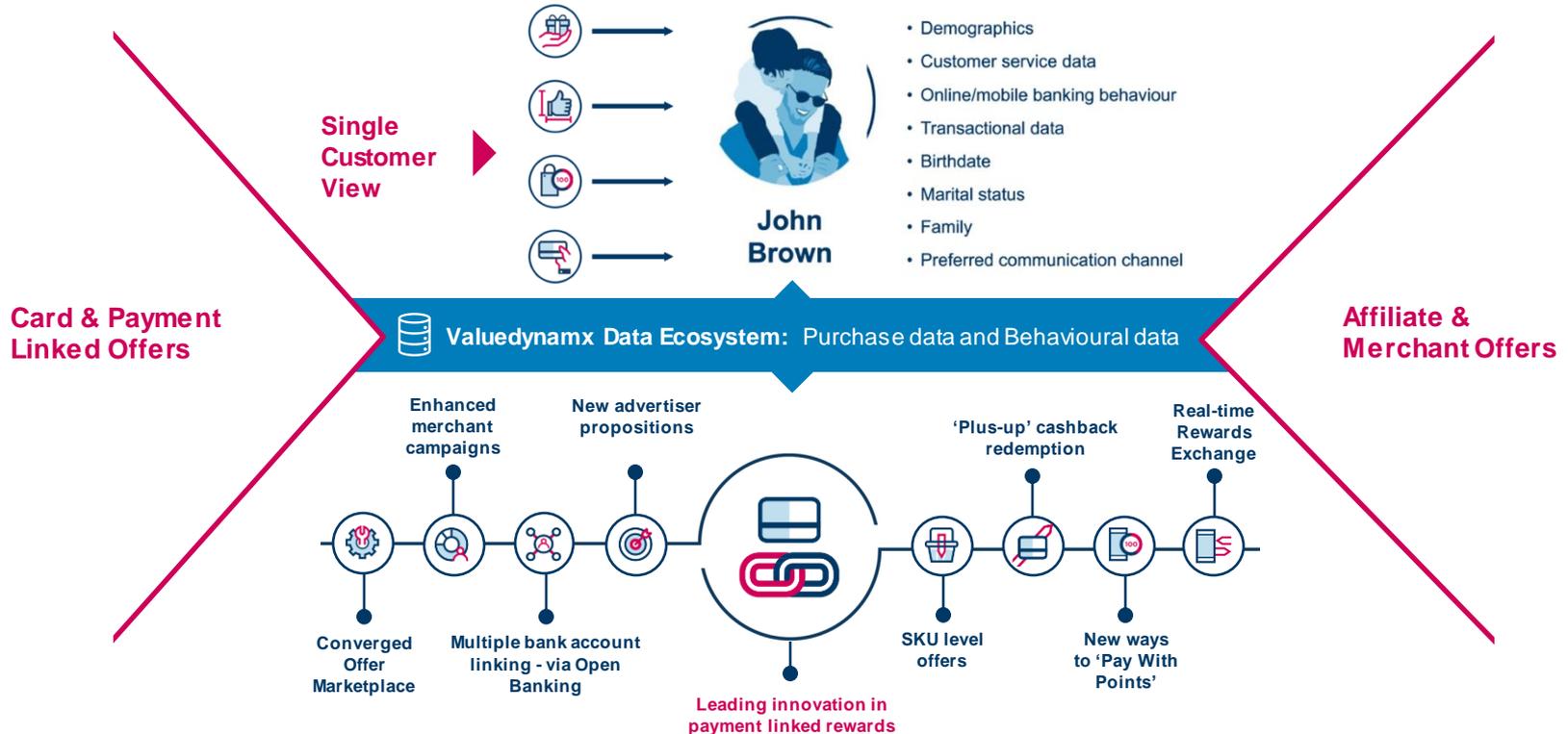
John Brown

- Demographics
- Customer service data
- Online/mobile banking behaviour
- Transactional data
- Birthdate
- Marital status
- Family
- Preferred communication channel

360 Degree Valuedynamx Data Ecosystem



Payment Linked Rewards – the next steps



Thank you!
