

AMERICAN EXPRESS

Future Opportunities for Payments in a Digital World

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Agenda



**Industry
Landscape**



Security



**Frictionless
Experience**



Opportunity

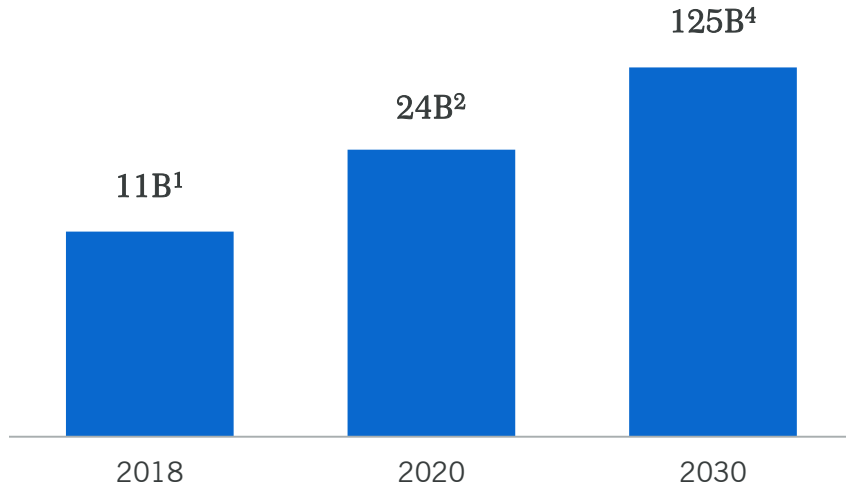
Industry Landscape



The Digital Future

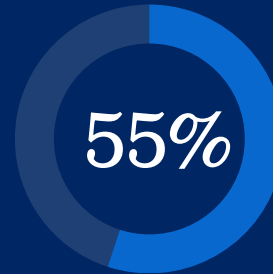
As consumers become more tech savvy and connect to different devices—seamless, secure payments become core requirements.

Internet Connected Devices



In 2020

There will be four devices for every person on the planet.¹



Consumers

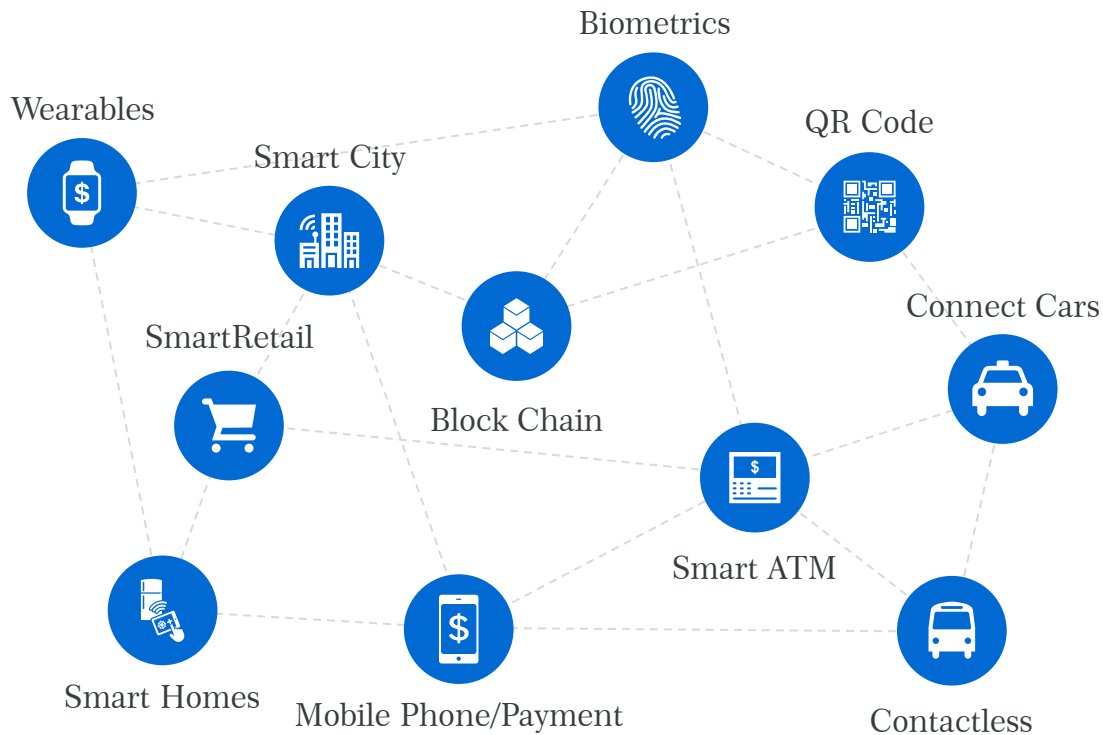
Stated they have been past victims of fraud, credit card theft, or identity theft.³

1. <https://futurism.com/by-2020-there-will-be-4-devices-for-every-human-on-earth/>
2. <https://technology.ihc.com/596542/number-of-connected-iot-devices-will-surge-to-125-billion-by-2030-ihc-markit-says>
3. "American Express Insights: A New Shopping Paradigm," November, 2018.
4. <https://www.forbes.com/sites/bernardmarr/2018/01/04/the-internet-of-things-iot-will-be-massive-in-2018-here-are-the-4-predictions-from-ibm/#625ad72eedd3>

The Internet of Things (IoT): Flexible, Convenient Ways to Pay

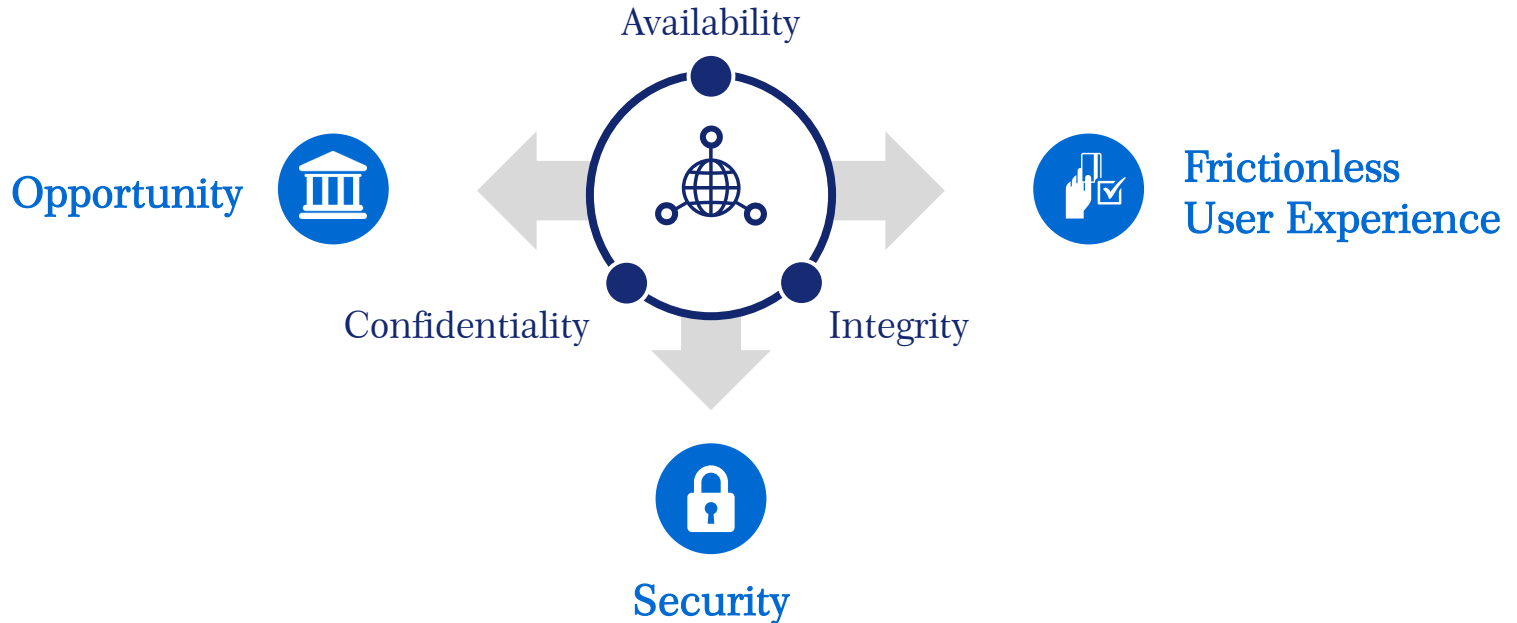


IoT and A.I. are allowing customers to interact with devices more seamlessly than ever. IoT driven payments is growing exponentially, introducing entirely new experiences previously unavailable.



The Corners of the Digital Payments Environment

Convenience, personalized service, and efficiency—without comprising safety and security leads to opportunities for the banking industry.

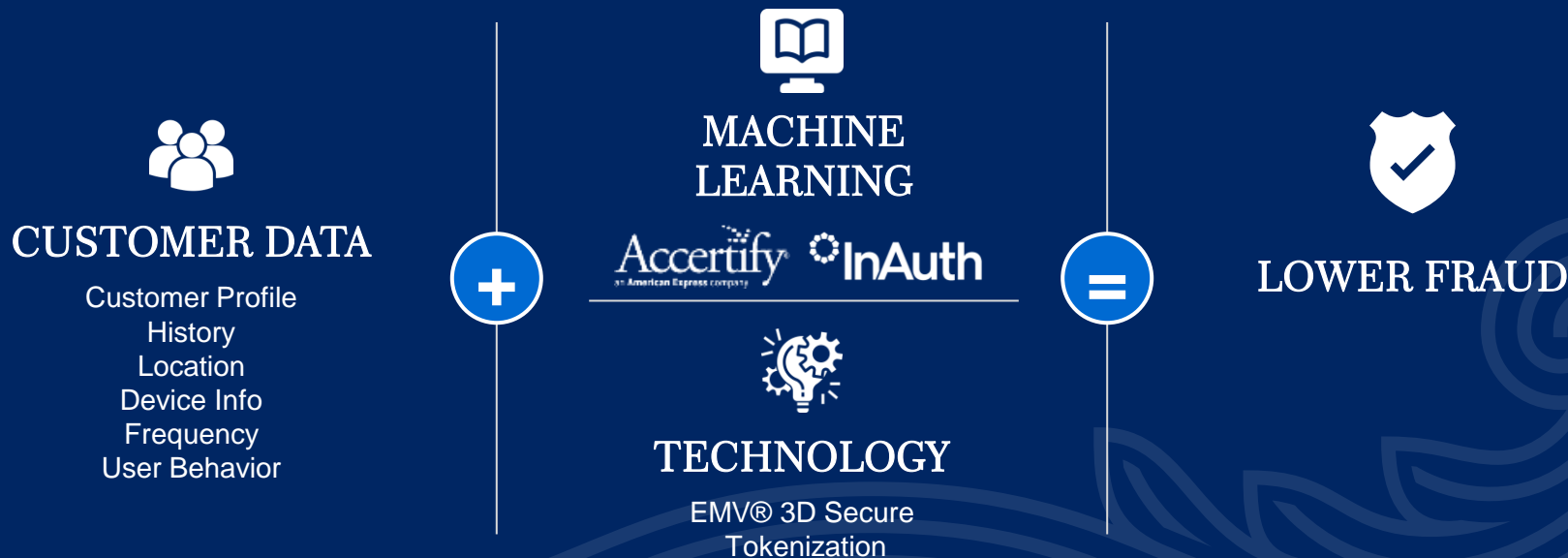


Security

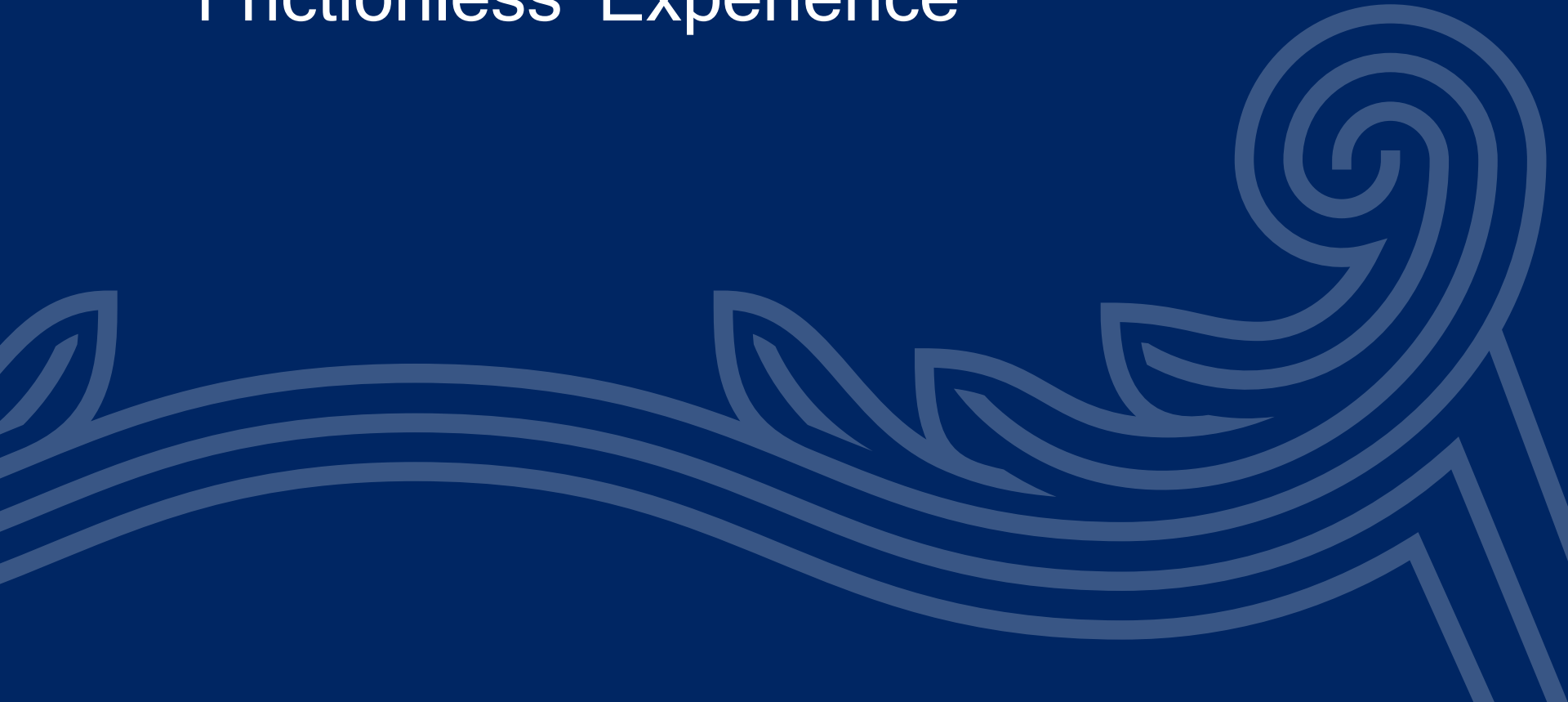


Protecting the Payments Ecosystem

Capturing data and learning from it—helps make better risk decisions for future transactions



Frictionless Experience



Seamless Payments Experience Regardless of Device/Location

Consumers want technologies that improve their overall shopping experiences. They seek convenience, personalized service, and efficiency—without compromising safety and security.



**Secure Remote
Commerce (SRC)**



**Payment Account
Reference (PAR)**



Contactless

SRC: How It Works

On average, merchants offer five different types of digital payment options to their customers¹

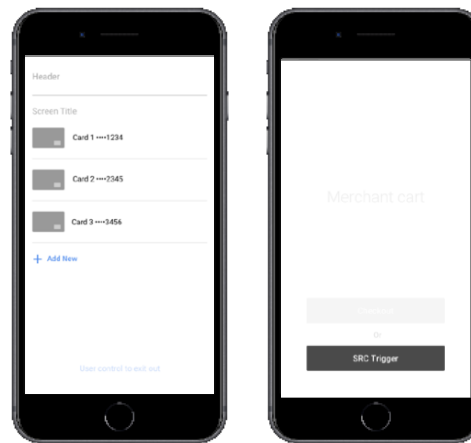
Checkout Today

Checkout: Cluttered/Confusing



Future: SRC²

Checkout: Streamlined Experience / Enhanced Security and Data Collection



¹American Express Digital Purchasing Survey – August 2018.

² Sample user interface from EMVCo SRC specifications <https://www.emvco.com/emv-technologies/src/>

SRC Will Help Provide Security and Convenience—Resulting in Sales Volume for Merchants and Issuers.

CONVENIENCE



Consistency will provide familiarity and increased confidence for consumers.

Pre-enrolled payment methods result in a faster checkout.

SECURITY



Increase transactional integrity.
Integrated Cardholder authentication.

The right security for each transaction.

SALES

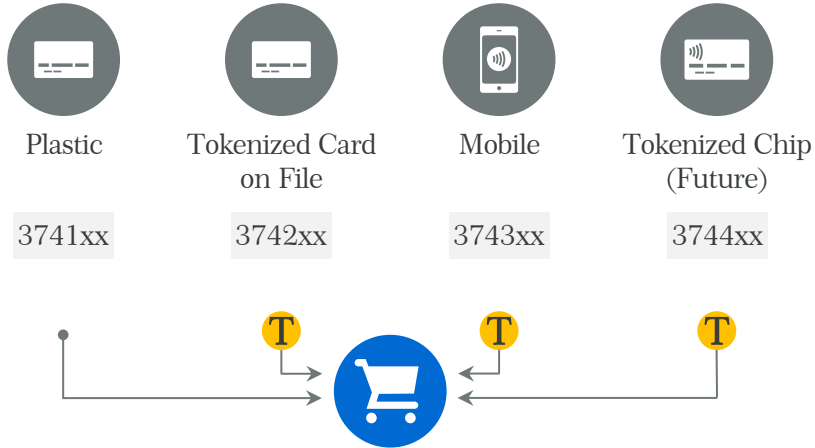


Reduced cart abandonment rates.

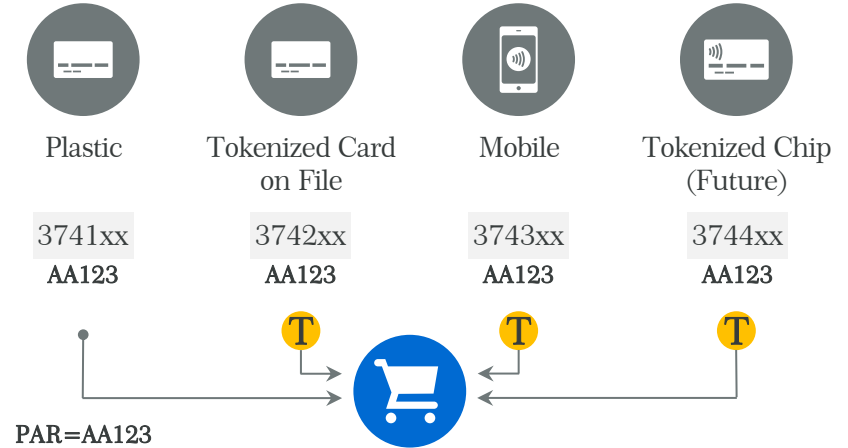
Payment Account Reference (PAR): How It Works

Defined by EMVCo, PAR helps to ensure that payment processing and value-added services, which currently rely on Payment Account Reference (PAN), can continue to be delivered seamlessly and reliably in a tokenized payment environment.

Transactions are made using different form factors, providing no way to identify the common Payment Account Number



The PAR is a 29-character alphanumeric, non-financial data element assigned to each tokenized PAN; and mapped to all of its affiliated payment tokens.



PAR Enhances the User Experience—Linking Disparate Channels Together

HELPS REDUCE FRAUD



Better manage Merchant and Acquirer fraud risk using non-financial data that can't be reverse engineered.

HELPS IMPROVE CUSTOMER EXPERIENCE



Aggregates all activity and transactions across an account for a complete view (regardless of format).

Assists with facilitation of value-added services (e.g., loyalty programs).

INTEROPERABLE WITH THE INDUSTRY



EMVCo standard that will be followed throughout the industry.

Opportunity

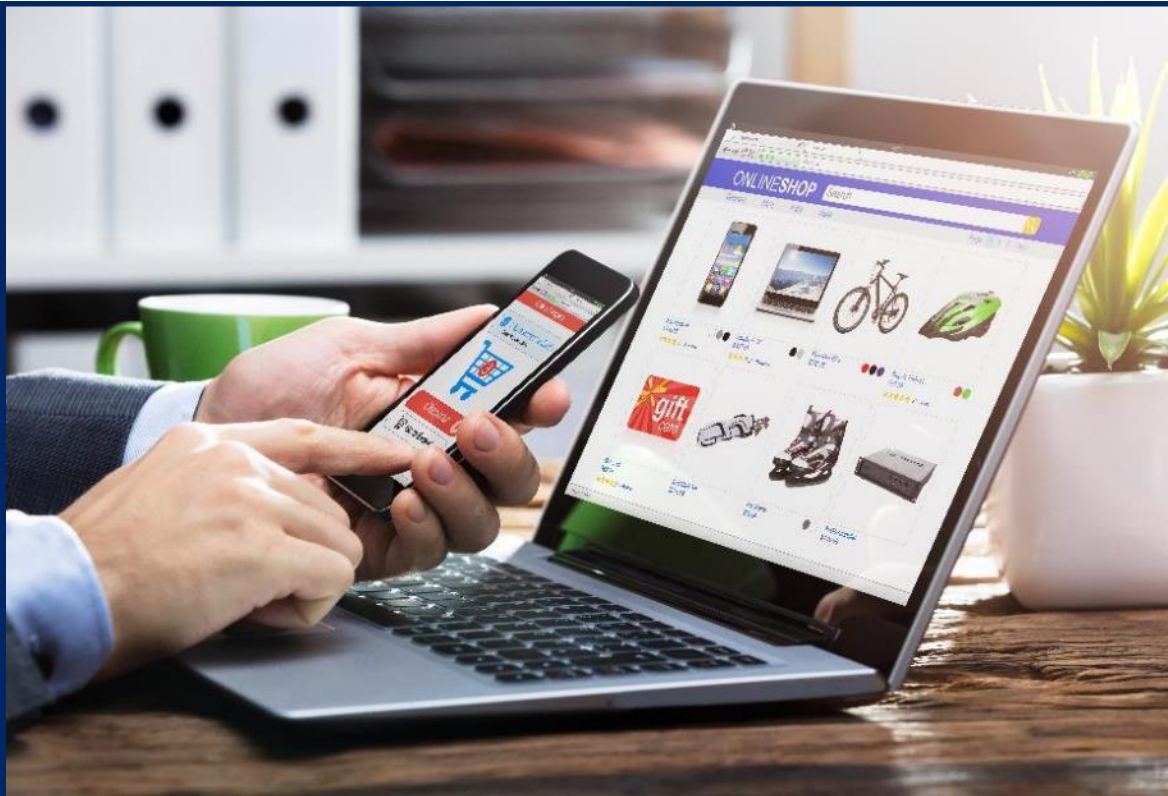


Embracing Technology & Solutions to Drive More Business



There is a great number of innovative and exciting things happening in the payments industry today that can drive opportunity.

With the number of connected devices growing, consumers have many ways to conveniently pay for goods and services—potentially driving more business. But, it's imperative to have the basics well in order to provide a secure and seamless customer experience.



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Thank you!

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