

Payment Panel Discussion: Enabling Payment Card Acceptance by Business

Payment System Forum and Exhibition 2015

Sasana Kijang

3rd Nov 2015

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1. Overview

2. Malaysia Payment Landscape

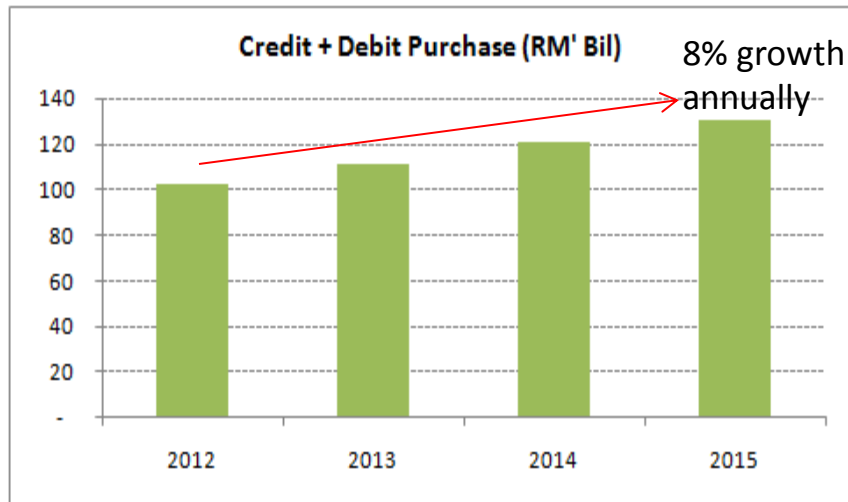
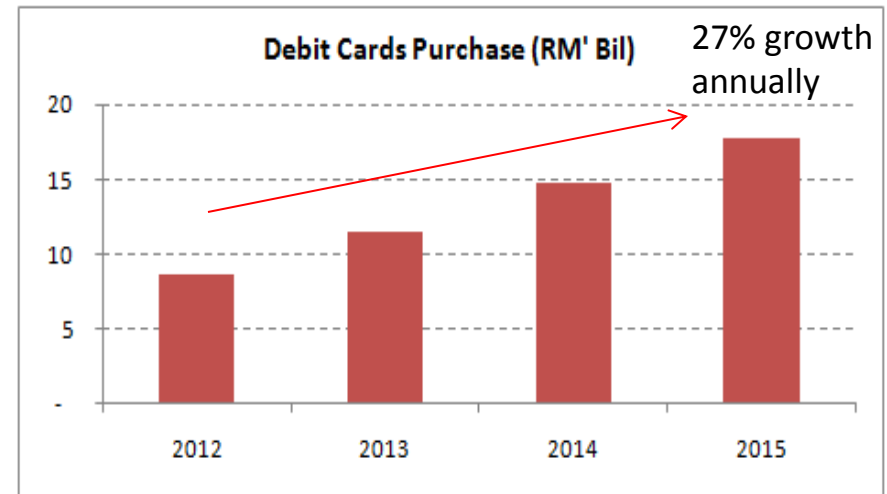
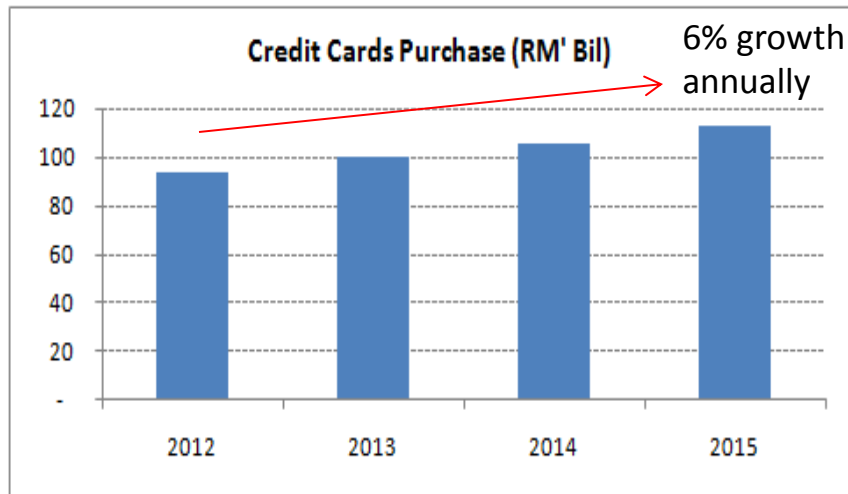
Objectives

- To share the Malaysia card payment landscape
- Benefits to merchants of card payments and why they should pursue the same
- What are different options for merchants to enable card acceptance

Panelist Profile

Role	Name	Company	Topic
Moderator	Mr. Vipin Argawal	CIMB Bank Regional Head of Cards, Retail Assets and Deposits	Overview of Malaysia Cards Payment landscape
Panelist 1	Mr. Tham Kah Fook	GHL Systems Berhad Country Head Sales	Solutions for Payment Card Acceptance
Panelist 2	Mr. Richard Darwent	Tesco Store (Malaysia) Chief Operating Officer & IT Director	Enhancing Business through Payment Card Acceptance (Perspective of a Larger Merchant)
Panelist 3	Ms. Huicy Chua	Twenty3 Fashion Operations Manager	Enhancing Business through Payment Card Acceptance(Perspective of a Smaller Merchant)

Total Card Payment Growth



- ✓ Since Debit card covers broader population, it is growing faster
- ✓ As per BNM Payment card framework, debit card to hit 1 Billion transactions by 2020

Benefit of Cards Payment



For Cardmembers

- Purchase big ticket items without using cash
- Tracking of monthly expenses
- Reward points and merchant discounts
- Security and piece of mind



For Merchants

- Reduce Cash Management Costs and Related Risks
- Increase Sales Ticket Size
- Better service to clients
 - More Payment Options
 - Speed Up Selling Process
 - Cash: 15 Seconds; Card: 8 Seconds

Enabler of Growth

BNM Cards Reform Framework

Industry Indicators	2015	2016	2017	2018	2019	2020
Cumulative POS Terminal ('000)	280	330	430	560	690	800
(a) Contact Terminals ('000)	252	264	301	392	483	560
(b) Contactless Terminals ('000)	28	66	129	168	207	240
Debit Card Txn. per annum ('mil)	89	137	246	433	681	1000

What would drive **Cards Payment Growth** in Malaysia ?

- ✓ BNM e-Payment agenda: Terminal growth, Commitment from banking industry
- ✓ Digital / Ecomm growth
- ✓ Growth of Debit card where low income segment can be given a plastic

THANK YOU

Moving
Forward with
e-Payments

Mr. Tham Kah Fook
Country Head, Sales
GHL System Berhad

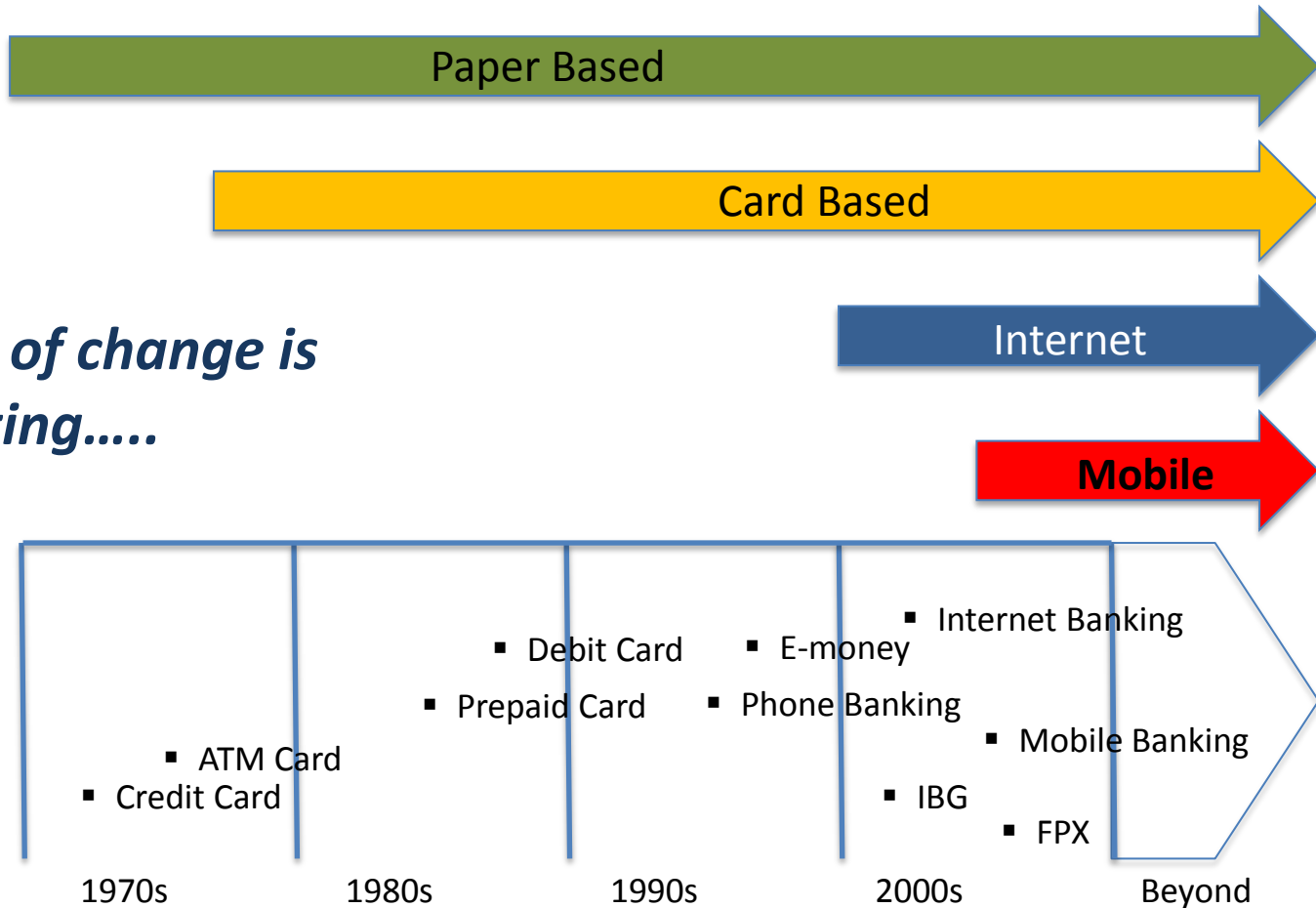




**Electronic payments –
Payment Devices,
Pricing, Choices and Criteria for
Acceptance of merchants**

E-Payments – we must change with the times

The pace of change is accelerating.....



Card Scheme Ecosystem



Card Schemes

Scheme Fees = 0.2-0.3%

Issuing Bank



Issuing Bank Fees = 1.0%

Acquiring Bank



MDR = 1.5-1.7%

Earned by:-

Acquiring Bank = 20-40 bPts

Issuing Bank = 100 bPts

Schemes = 20-30 bPts

Merchant



Card Holders

E-PAYMENT DEVICES

I. Contact Payment Terminals

- Payment terminal accepts card via physical contact with the card ie. card swipe or card insertion
- Most commonly used



E-PAYMENT DEVICES

II. Contactless (built-in) Payment Terminals



- Payment terminals with internal built-in reader (embedded chip and antenna) that enables consumers to wave their card or handheld device to pay for goods in seconds
- Compact and space-saving due to its integrated design
- Available in desktop model (eg. Vx520) or mobile model (eg. Vx675)



E-PAYMENT DEVICES

III. Contactless Card Readers

- External or stand-alone reader that allows consumers to pay using a variety of contactless sources, including credit cards and NFC-enabled cell phones
- Ideal for merchants who require integration of an external contactless device into their payment systems via USB, serial port and Ethernet connection options
- Consumer-facing solution most suitable for drive-thrus, kiosks and other unattended markets



PINpad 1000SE



Vx 820

E-PAYMENT DEVICES

IV. Mobile POS (mPOS)

- A wireless payment device that works with your iPhone, iPad or Android device to accept card payments – wherever, whenever
- You can complete the sale in the palm of your hand
- Process transactions quickly and send digital receipts with your branding
- Banks are getting into this device progressively
 - CIMB Plug n Pay, Maybank, Bank Islam and others soon
- **GHL AirPOS via Third Party Acquirer (TPA)**
 - Supports Scheme Credit and Debit
 - Supports Domestic Debit (MyDebit)
 - Chip and PIN enabled
 - Full service end-to-end solutions



AirPOS



E-PAYMENT DEVICES : Which to choose?

I. Counter-top / desktop terminal

- For normal Payment-over-counter

II. Mobile Wireless Terminal

- For payment on-the-go

III. Contactless Terminal

- For fast paced consumer transactions
- Reduce queue time

IV. mPOS Terminal

- For payment on the go, and/or smaller usage merchants
- Affordable payment device

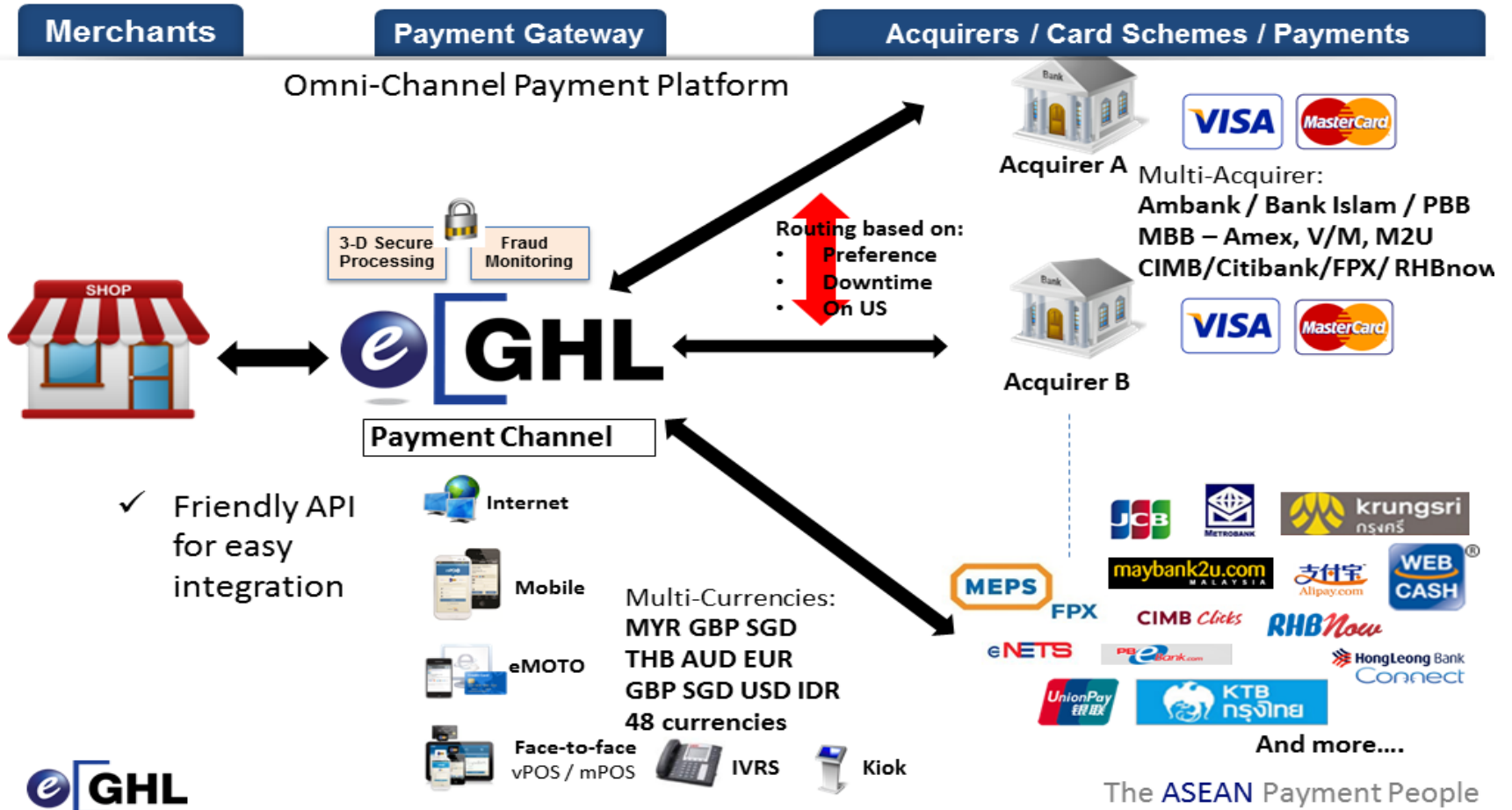


All Major Credit and Debit
Cards Accepted Here



e-Commerce : Internet Payment Gateway

Payment Gateway / Omni-Channel



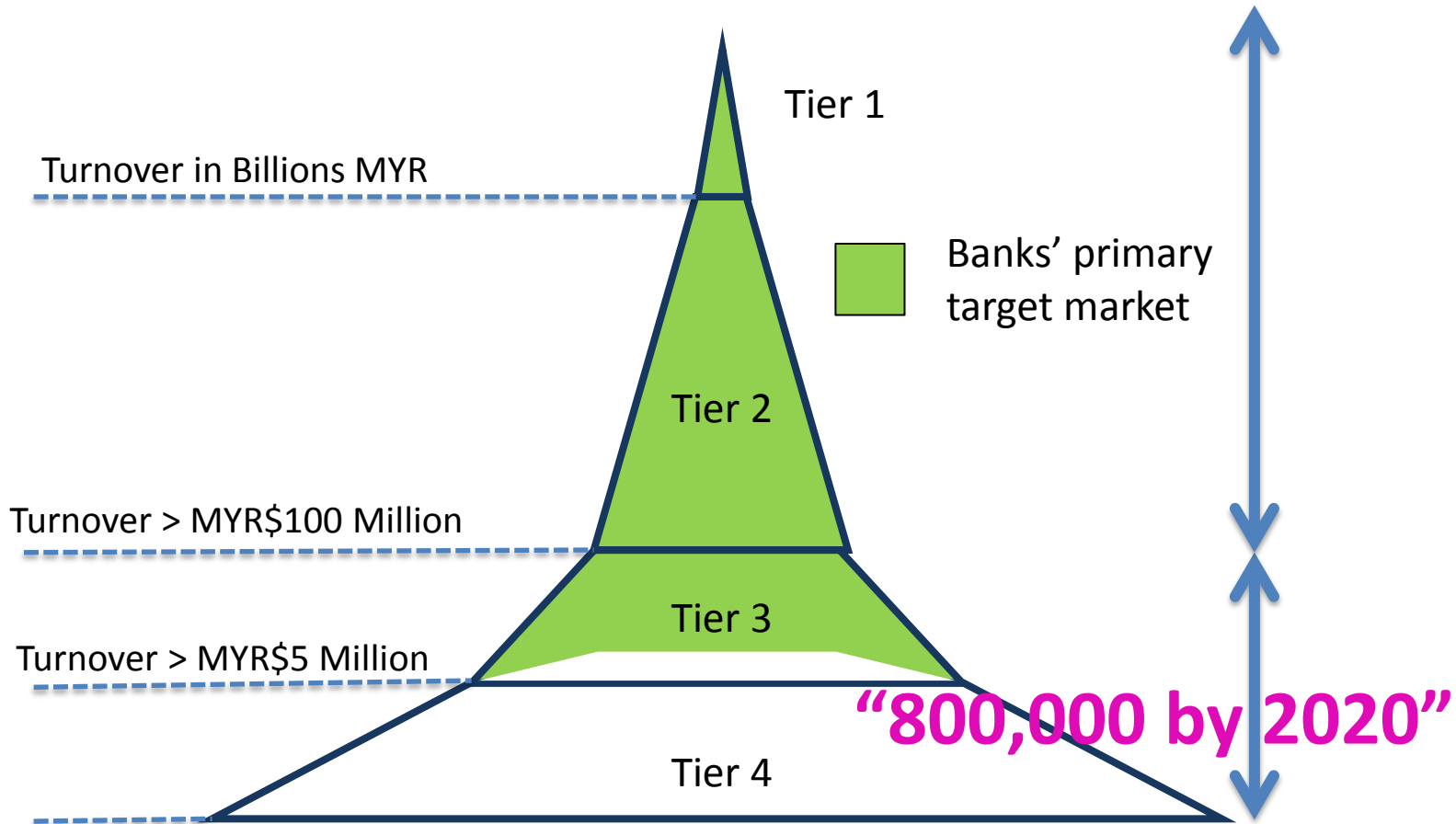


e-Commerce : security and service features

Key features important to merchants:

- High availability
- Easy integration
- Flexible, customized to merchant's needs
- Risk and Fraud controls
- Quality service support
- Efficient transaction routing

BNM Framework benefits all Merchants



Universal access to the entire market is only possible with a concerted product and channel strategy

Domestic Debit – Huge Growth Potential

Domestic Debit – Growth product

- Most Banks are acquirers



Third Party Acquirers expand market reach

- TPA's eg. GHL CardPay



Most widely accessible and accepted

- 41 million cards on issue
- All Payment Devices MyDebit enabled, mandated by BNM

Low and affordable MDR

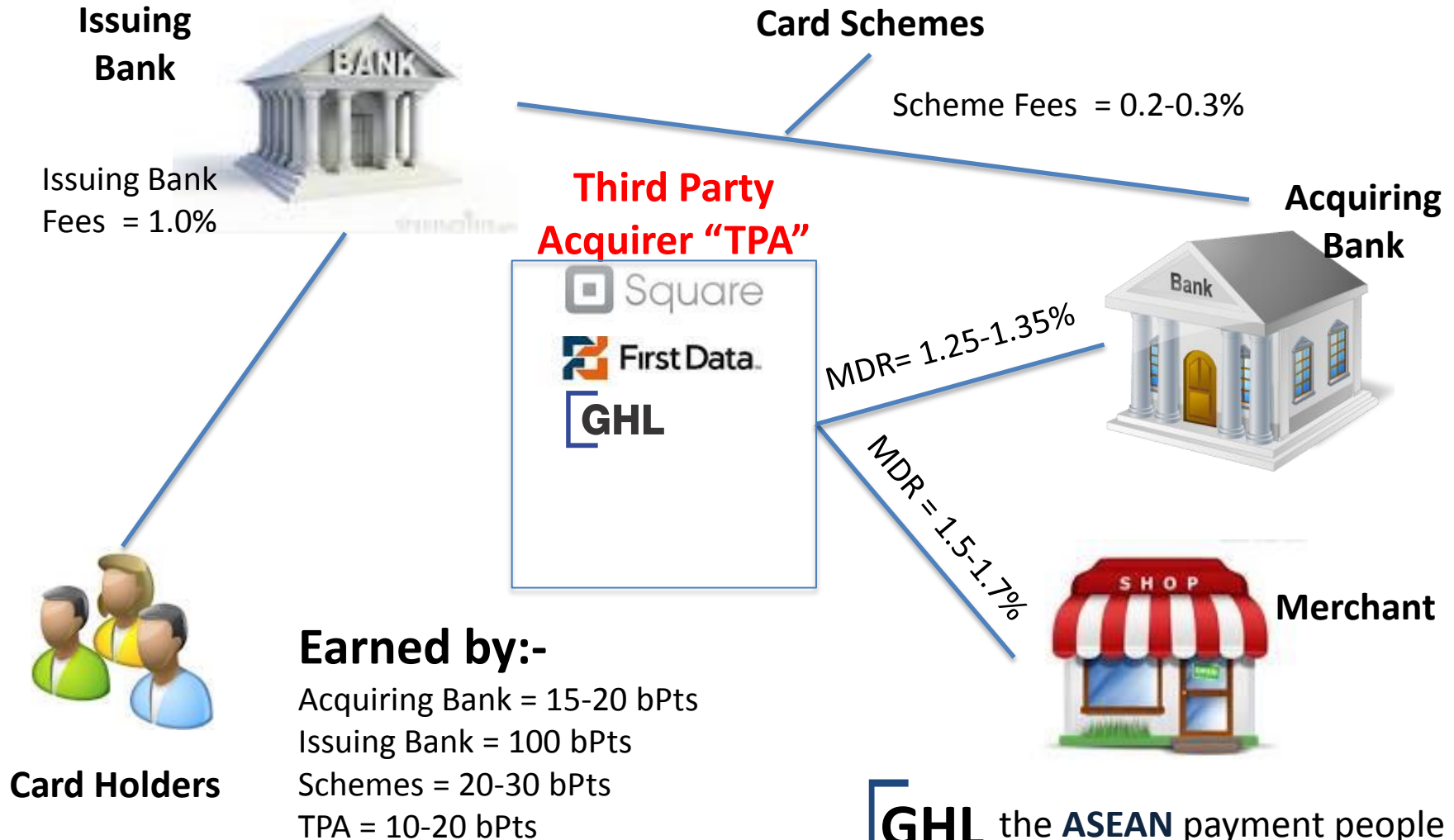
- 0.50-0.8%, or up to RM0.50 flat fee per transaction (for Govt. transactions)

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Third Party Acquiring

- Non-Banks expanding the reach
enhance scalability

“TPA” as an Emerging Trend



Traditional Master Merchant/Outsourcing model



Merchants



GHL



Acquiring Bank



Issuing Bank

- Recruited by GHL
- MDR set by GHL
- Merchant Pays EDC Rental to GHL
- Signs agreement with Acquiring Bank

- Recruits Merchant
- Sets MDR to Merchant
- Supplies & Installs terminal
- Terminal Maintenance

- Processes Merchant Applications
- Sets base MDR to GHL
- Pays settlement sum to merchant directly
- Pays GHL the difference between MDR and base MDR
- Monitors Transactions
- Liable for Fraud & Chargeback Risk

TPA (Third Party Acquirer) Business Model



Merchants

- Recruited by GHL
- MDR set by GHL
- Merchant Pays EDC Rental to GHL
- Signs agreement with GHL



- Merchant Recruitment
- Processes Merchant Applications
- Pays the daily settlement sum to merchant directly
- Supplies and Installs Terminal
- Terminal Maintenance
- Monitors Transaction at GHL Acquiring System
- Absorbs Fraud & Chargeback Risk
- Routes transaction from GHL Acquiring System ("M3") to Acquiring Bank



Acquiring Bank

- Charges GHL a base MDR
- Pays settlement sum to GHL directly



Issuing Bank

MERCHANT ON-BOARDING PROCESSES

What is required?

- Merchant Application and Agreement
- Business Registration forms / Business License
- Latest 3 months Bank Statements
- Directors' Resolution
- Photocopy of Owner / Directors' IC / Passport
- Photos showing applicant's office interior and exterior, stocks and inventory
- Product / Service Brochure



WHAT SHOULD MERCHANT LOOK OUT FOR?

- Can the service provider (acquirer, TPA etc) offer full range of payment solutions or card acceptance?
- Can the service provider tailor to your specific needs?
- Approval turn-around time?
- After-sale support? Call centre on 7x24?
Response time to fault?
- Any volume commitment? MDR? Rental? Penalty?
- Value added to merchants? (e-pay services)



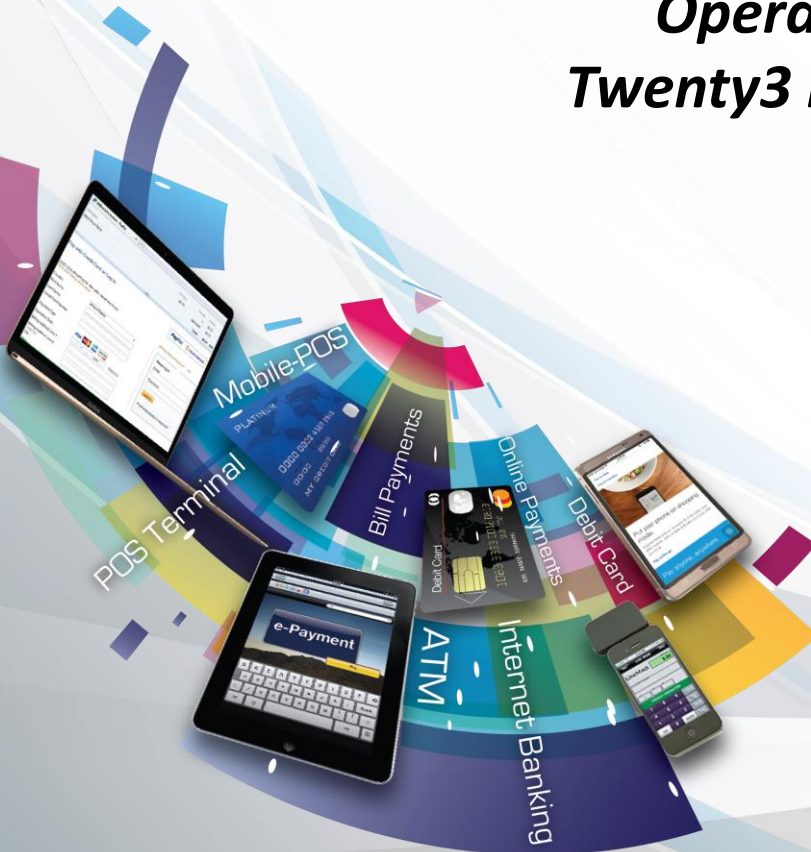


END OF PRESENTATION

Tham Kah Fook
Country Head, Sales
GHL Systems

Moving
Forward with
e-Payments

Ms. Huicy Chua
Operation Manager
Twenty3 Fashion Sdn. Bhd.



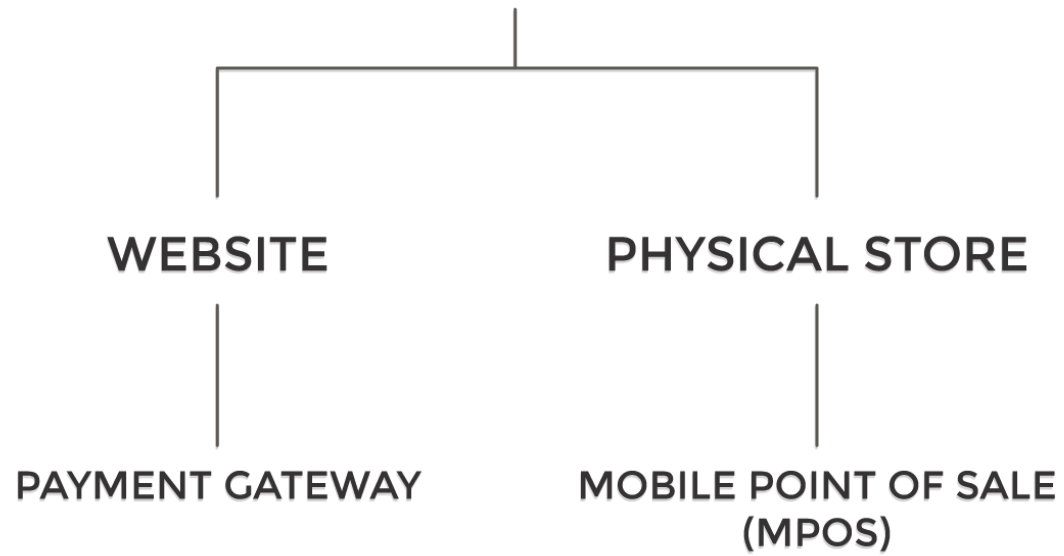
Using Mobile Point of Sale in Twenty3

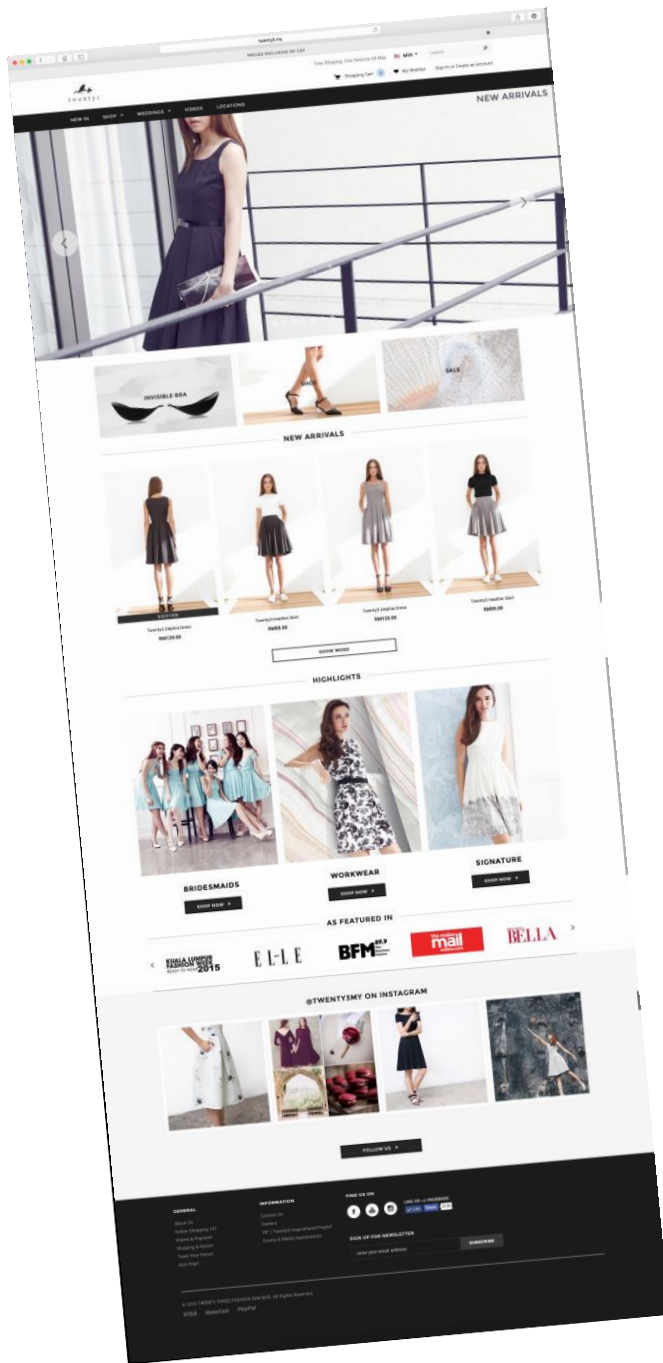


Huicy Chua
Head of Operation



twenty3



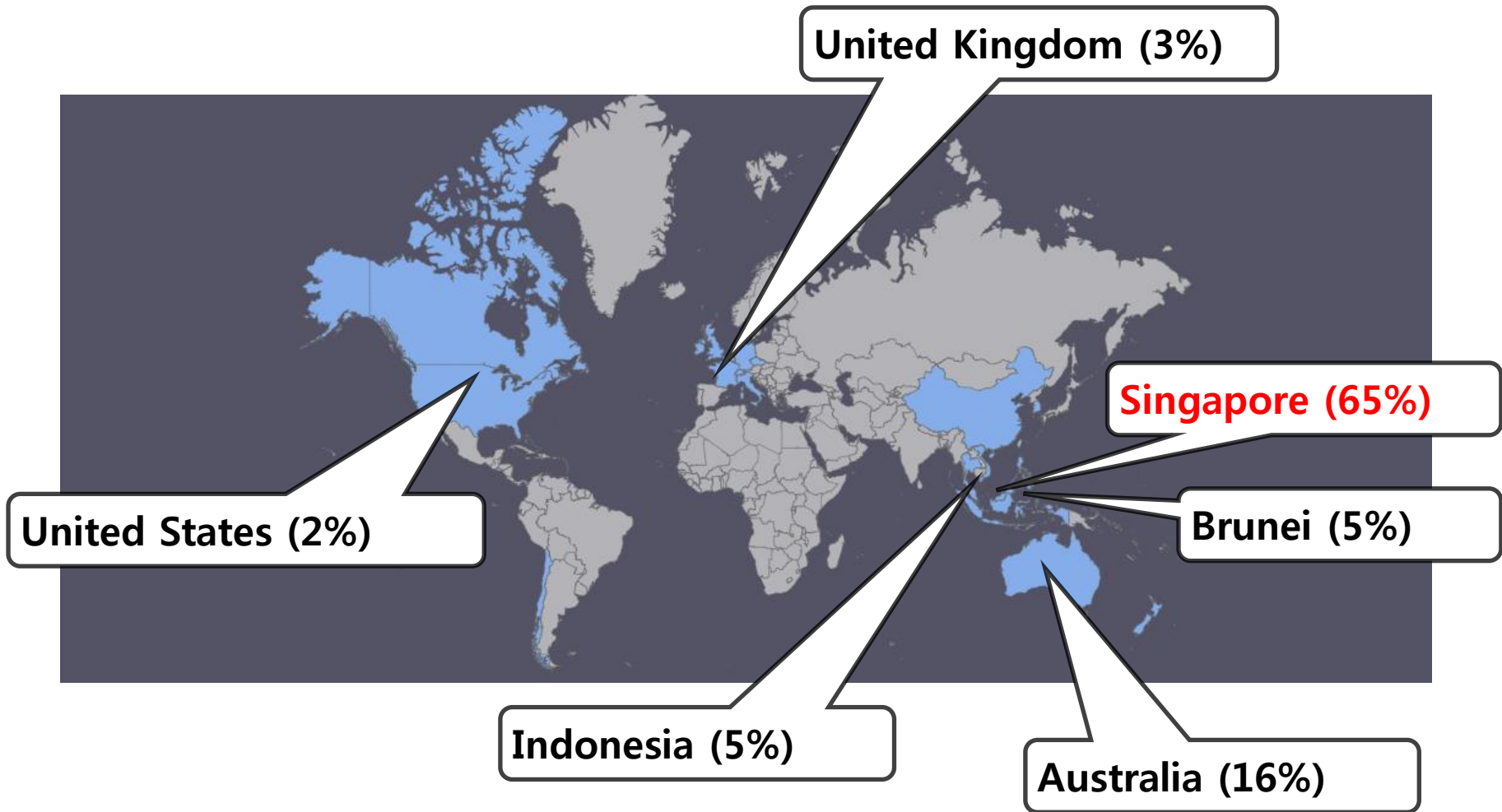


Website / www.twenty3.my

Payment Gateway









Physical Store

/ Twenty3 | Chapter One

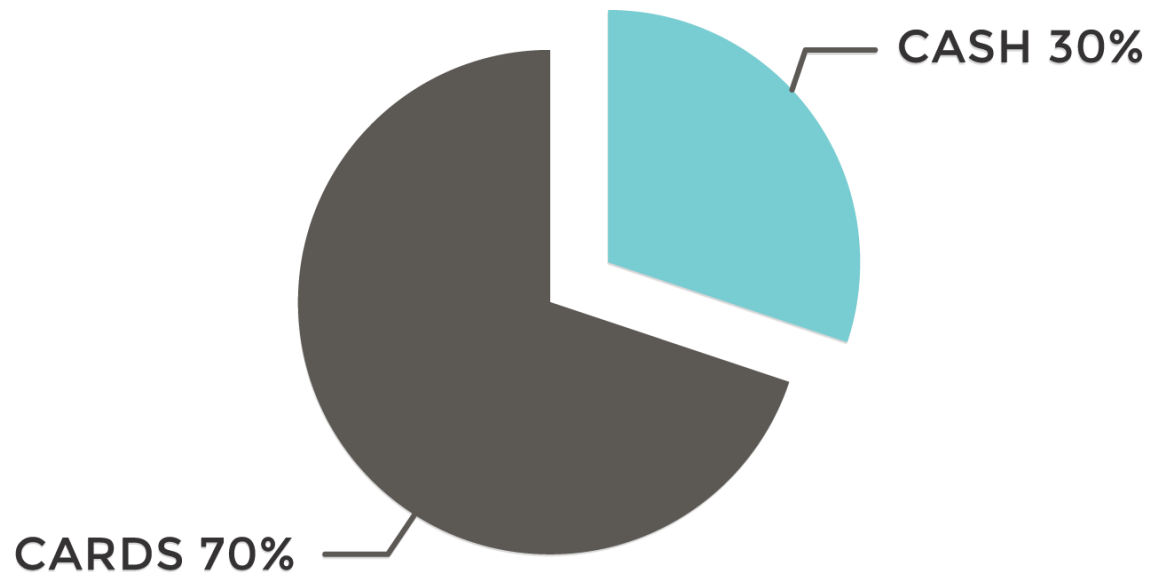
Mobile Point of Sale (mPOS)

- CARDS
- CASH

twenty3 | chapter one

(Physical Store)

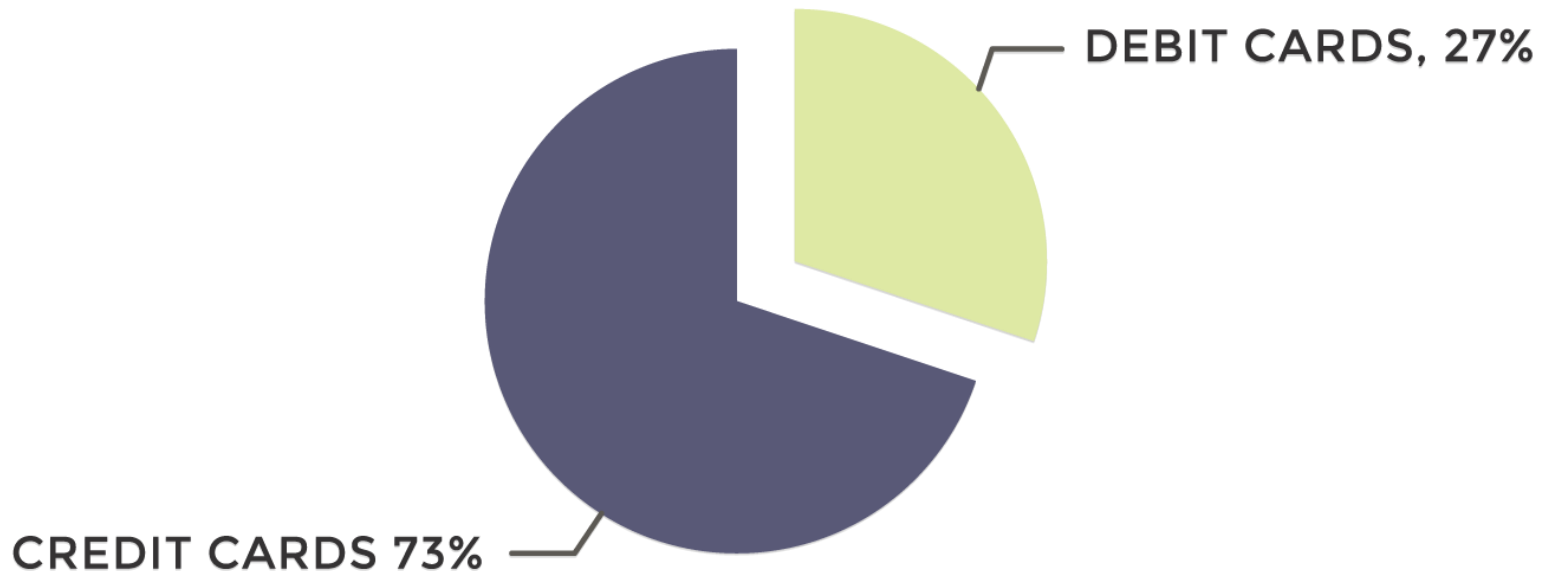
Percentage of Payment Method



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(Physical Store)

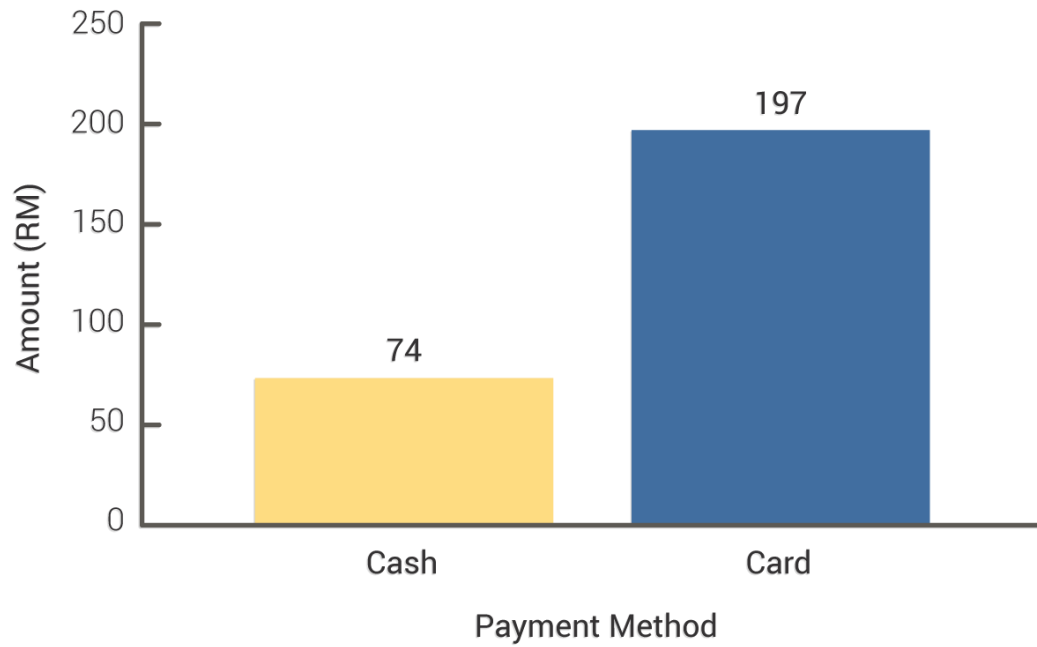
Type of Cards



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(Physical Store)

Average Amount Spent



**VALUABLE
CUSTOMER ANALYTICS**

**UPDATE OF INVENTORY
SYSTEM**

**RELIABILITY
& DESIGN OF IPAD**

**BENEFITS
&
CONVENIENCE**

**ENVIRONMENTAL
FRIENDLY**

TIME SAVING

FLEXIBLE



Update of Inventory System

> Deduct the inventory automatically when customer proceed purchases

- Tally quantity of stocks in system and on racks
- Ease the job of restocking and stock count

Valuable Customer Analytics

- Consumer profiling
- Purchase behaviour
- Item preference
- Marketing

Reliability & Design of iPad

LESS BULKY *than traditional PC-based point of sale*

BUT

LARGE ENOUGH *to capture sales & customer information*

Flexible

> *Accept payments on a sophisticated system*

1. Stationary position
2. On the counter
3. Around the store

Time Saving

- Replaces cash register
- Traditionally
 - cash rendered for goods and services were accepted
 - track & report manually
- mPOS shifted & optimised this process

Environmental Friendly

- Save more papers
 - Customers sign on device instead of paper
 - Receipt will be sent to customers' emails

THANK YOU

Huicy Chua

huicy@twenty3.my