

MONTHLY JOURNAL



Payments Journal

September 2020

**A summary of key Payments-related news in
Canada and globally.**



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EXECUTIVE SUMMARY

Not too long ago payments were considered an important but boring utility and necessity that helped economies move funds between bank accounts. Over the last 10 years, payments have become increasingly more popular due to the e-comm/m-comm adoption and payments becoming an integral part of the customer journey. Uber, Airbnb, Netflix, and other successful FinTechs have invented the term “seamless payments” while setting the new norm for many industries, while cryptocurrencies and real-time B2B payments have been identified as the future of payments.

September 2020 will be remembered as a new chapter in the payments world after Amazon’s announcement of Amazon One, a new innovative payment method that allows Amazon users to pay only with the palms of their hands. Amazon is currently testing the concept and faces privacy concerns around users’ data. However, I strongly believe that this will soon be a new retail payments method. Payments are becoming cool and trendy!

Additionally, another September payment highlight I’d like to point out is the continued development of digital currencies by central banks. Brazil has joined the latest group of countries committing to launch a digital currency in 2022, while Mastercard has become part of the ecosystem with its testing platform that enables central banks to test digital currencies.

TD Bank has followed other Canadian banks’ in enabling its customers to share financial data with software giant Intuit, the parent company of TurboTax, QuickBooks and Mint.

Technology Strategies International has published a research study showing that consumer payment transactions in Canada have declined by 8.1% since 2019. COVID-19 is a major reason behind the decline and Canada is expected to have 1.7 billion transactions less than last year due to the pandemic.

I’d like to conclude this month’s journal summary on a positive note. Therefore, I’d like to point out that Juniper Research states that the value of in-car payments, made from embedded vehicle systems, will reach USD \$86 billion in 2025. Currently, in-car payments are valued at USD \$543 million in 2020 so we can expect even more awesome payments experiences to come.

Enjoy the journal!

Marko Pavlovic
Digital Payments Practice Head at Prodigy Labs



COVID-19 IMPACTS

1

Banks realize that partnerships with technology providers are key to going digital

“ With COVID-19, the financial industry’s focus on digital offerings continues to increase. According to Pyments.com, the number of accounts opened using digital channels increased by 200% in April 2020, and mobile traffic increased by 85%. Banks are forced to respond by increasing their efforts and resources to support and develop their digital channels. One key issue for customers continues to be the onboarding process, during which they still have to go to a branch for ID and verification. A recent study showed that improving their customer experience is the financial institution’s top priority for digital account opening in 2020. However, as most banks lack the digital expertise and agility to go digital, they are realizing that partnerships with technology providers are critical to making progress. ”

[Click here to read full article: Consumer and business lending during COVID-19](#)



COVID-19 IMPACTS

2

[COVID-19 to cause major changes for European insurers](#)

“Based on new survey results, most European insurers expect behaviours of customers to change drastically due to the COVID-19 pandemic. As a result, customers want more digital products and services. The respondents have varying beliefs that the effects will last from seven months to over a year. There are also predictions that some surveyed expect that not all businesses will last, and some partners will disappear from the market entirely. With assumptions that digital innovation will be the focus, it has been reported that over 2,500 insurance start-ups have entered the European market over the past two years.”

[Click here to read full article: COVID-19 to cause major changes for European insurers](#)



COVID-19 IMPACTS

3

Canadian consumer payment transactions in decline because of COVID-19

“ Research study published by Technology Strategies International has shown that consumer payment transactions in Canada have declined by 8.1% since 2019. COVID-19 is a major reason behind the decline and Canada is expected to have 1.7 billion transactions lower than last year due to the pandemic. The report states that 2019 levels should be back by the end of 2022. ”

[Click here to read full article: Consumer payment transactions lowered in Canada due to COVID-19](#)



E-COMMERCE

1

Cadillac Fairview allow shoppers to join a virtual queue

“ Born Digital reports that the new tool, called CF Guest List, will allow shoppers to join a virtual queue at a Cadillac Fairview (CF) property, pre-book a time slot to visit specific stores before arriving at the property, or easily arrange curbside order pickups. Pandora is the the first retail partner to join the platform and guests can now pre-book visits at the retailer’s Toronto Eaton Centre location or join a virtual queue on the spot. ”

[Click here to read full article: Cadillac Fairview Launches Digital Line Management Tool](#)



E-COMMERCE

2

Facebook offers a new shopping experience called Facebook Shop

“ Facebook Shop is a new tab available directly in the Facebook mobile app and via browser. The tool will display merchandise collections that are curated by Facebook alongside those of individual stores and merchants, which Facebook users can follow within the Shop tab. Purchases can be made directly through Facebook Shop using Facebook Commerce Manager, Shopify, or BigCommerce. ”

[Click here to read full article: Facebook Doubles Down on E-Commerce with Facebook Shop](#)



E-COMMERCE

3

[Click-to-pay offered by Visa is now available in Canada](#)

“ Visa’s new digital checkout experience will help consumers make safe and fast purchases across different retailers and platforms thus helping merchants to reduce shopping cart abandonment rates. On the other hand, Click-to-Pay should provide a simpler and smoother digital checkout experience. Customers will not have to enter their 16-digit personal account numbers or enter passcodes anymore. ”

[Click here to read full article: Visa’s Click To Pay Rolls Out In Canada](#)

B2B PAYMENTS, REAL-TIME PAYMENTS, AND ISO 2002

1

[B2B Payments company Melio raised \\$144 million to push their growth plans](#)

“ New York-based B2B payments company Melio raised \$144 million to fund a hiring spree and plans to provide B2B payments to third parties. Melio’s digital payment tools provide a single, integrated solution that allows small businesses to send and receive payments in a faster, easier way. This allows for more control over cash flow, reducing or eliminating late payment costs entirely. The firm said that due to the Covid-19 pandemic, small businesses are accelerating their shift to digital, which is in turn pushing its growth plans. ”

[Click here to read full article: Melio raise \\$144m](#)

B2B PAYMENTS, REAL-TIME PAYMENTS, AND ISO 2002

2

[TD signs agreement with Intuit to allow customers to request that TD transfer their financial data for services they want to use.](#)

“ TD Bank opens the doors for customers to request that TD transfer their financial data to third-party services they want to use, including personal financial management apps. This initiative began with TD signing an agreement with Finicity last month, and is now followed by a similar agreement with Intuit - the parent company of TurboTax, QuickBooks and Mint. ”

[Click here to read full article: TD enters North American data-access agreement with Intuit](#)

B2B PAYMENTS, REAL-TIME PAYMENTS, AND ISO 20022

3

[Visa and PayPal's global partnership expands real-time payments services](#)

“ The global partnership between Visa and Paypal has expanded to include more ways for SMBs to move money quickly. It will boost sending or receiving funds through PayPal, Venmo or Xoom. It will extend PayPal's Instant Transfer service which uses Visa Direct, Visa's real-time push payments platform, for real-time payments. It will also allow Visa Direct's payout services through PayPal and its Braintree, Hyperwallet and iZettle solutions. ”

[Click here to read full article: Visa, PayPal Expand Global Real-Time Payments Partnership](#)

B2B PAYMENTS, REAL-TIME PAYMENTS, AND ISO 2022

4

[Xero acquires business lending platform Waddle](#)

“ Using their accounting data and automating manual processes, Waddle’s lending platform allows banks and fintechs to lend to small businesses. Xero’s acquisition of Waddle positions them to partner with lenders globally through Waddle’s existing agreements with banks and lenders in Australia and the UK. It’s also a step forward in their path towards helping small businesses better manage their cash flow and gain access to working capital. ”

[Click here to read full article: Xero moves into business lending with acquisition of Waddle](#)

B2B PAYMENTS, REAL-TIME PAYMENTS, AND ISO 2002

5

[BMO starts offering bulk e-transfers for business segment](#)

“ Interac e-Transfer Bulk Receivables is the new feature that will allow BMO customers to send payments requests to multiple recipients at the same time. BMO’s feature will enable its clients to have more control and security when processing payments in real-time while enjoying efficiencies and cost savings. ”

[Click here to read full article: BMO Introduces Bulk E-Transfers for Business Clients](#)

B2B PAYMENTS, REAL-TIME PAYMENTS, AND ISO 2002

6

Swift expands beyond financial messaging

“ Swift payment network will start offering different value propositions to its member banks. The new strategy will be focused on products and services beyond financial messaging with focus on enabling banks to deliver improved user experiences end-to-end. A new digital platform will be offering a set of common processing services such as data and fraud management, analytics, transaction tracking and exception case management. ”

[Click here to read full article: Swift outlines strategy to expand beyond financial messaging](#)

B2B PAYMENTS, REAL-TIME PAYMENTS, AND ISO 20022

7

[Deutsche Bank's published another paper on the ISO 20022 migration](#)

“ Global ISO 20022 migration to continue despite a number of delays is the main message of the recently published Deutsche Bank's paper. Swift and other world's major market infrastructures have been delaying the ISO 20022 migration efforts, causing a number of changes to existing timelines and strategies. ”

[Click here to read full article: ISO 20022 migration to continue despite delays, Deutsche Bank paper](#)

OPEN BANKING

1

[Delays in Open Banking are costing Canada and Canadians](#)

“ Given that the Canadian government is delaying the adoption of Open Banking, IT World Canada’s article points out all the repercussions and risks for consumers and the Canadian economy. As per Eyal Sivan, known for his podcast as Mr. Open Banking, Canada is missing out on the opportunities around Open Banking. ”

[Click here to read full article: Canada urged to speed up open banking](#)

OPEN BANKING

2

[Equitable Bank partners with Flinks](#)

“ Prodigy’s partner Flinks has joined forces with Equitable Bank in providing clients a modern, user-friendly digital mortgage experience, powered by a better use of digital automation. This partnership will allow clients to share statements directly from their banks through a dedicated digital interface built on Flinks’ data connectivity. As a result, this will reduce approval timelines by completing application files faster. ”

[Click here to read full article: Homegrown: How EQ Bank Partnered with Flinks to Modernize their Mortgage Experience](#)

BLOCKCHAIN AND CRYPTO

1

[Mastercard enables central banks in testing digital currencies](#)

“ Mastercard’s environment will help central banks to simulate issuance, distribution and exchange of digital currencies in the ecosystem of banks, financial service providers and end-users. Mastercard’s main goal behind this initiative is to help financial institutions’ feasibility studies of central banks’ digital currencies, thus enabling them to test a multitude of use-cases, connectivity with payment cards, analysis of different stacks and more. ”

[Click here to read full article: Mastercard Releases Platform Enabling Central Banks to Test Digital Currencies](#)

BLOCKCHAIN AND CRYPTO

2

[Brazil's Central Bank set for rollout of its digital currency in 2022](#)

“ Brazil joins the list of countries with plans of launching a digital currency. Based on a Pymnts report, Brazil is set to launch its digital currency in 2020 in order to help digitize payments. However, it will not work with instant payment platforms. In a country where cash is still massively used, this is a giant step forward towards the digital payments evolution. ”

[Click here to read full article: Brazil Says Central Bank Digital Currency Set For 2022 Rollout](#)

BLOCKCHAIN AND CRYPTO

3

EU is proposing first set of rules for crypto assets

“ Crypto assets in the EU are one step closer to its full regulation. The EU has a digital finance strategy that will include cryptocurrencies not included in general regulation and other stablecoins with the aim to reduce volatility in cryptocurrencies trading. It will also create more regulatory certainty for investors. Another benefit of regulated crypto assets will be market defragmentation ensuring that an approved crypto trading company in one EU state is able to operate in other EU countries as well. ”

[Click here to read full article: EU proposes first set of rules for crypto assets](#)

DIGITAL PAYMENTS

1

[Canada welcomes Swedish-based online banking payments provider Trustly](#)

“ Founded in 2008, the Sweden-based company is a licensed Payment Institution under the second payment services directive (PSD2). Online banking payments provider Trustly, announced today that it has expanded its global footprint into the Asia Pacific region. Specifically, the company has launched in Australia and Canada.

With its launch in Australia, Trustly has made its first move into the APAC region. On the other hand, its expansion into Canada furthers its market coverage in North America. ”

[Click here to read full article: Online Banking Payments Fintech Trustly Launches in Australia & Canada](#)

DIGITAL PAYMENTS

2

[In-car payments will exceed USD \\$86 billion in 2025](#)

“ Juniper Research is reporting that the value of in-car payments, made from embedded vehicle systems, will reach USD \$86 billion in 2025. Currently in-car payments are valued at USD \$543 million in 2020. Voice commerce will be a major supporting factor for the in-car payments. ”

[Click here to read full article: In-car payments spend to exceed USD 86 bln in 2025](#)



DIGITAL PAYMENTS

3

[Mogo to promote Lendful's best-in-class digital loans to its member base](#)

“ Business Wire reports that Mogo is partnering with Lendful and offering its members access to Lendful's prime loan products through the Mogo app. Under the agreement, Mogo will bring offers on unsecured consumer loans of up to \$35,000 to their eligible members through the Mogo app. In addition, Mogo will use other channels, such as email and in-app targeting, to drive loan referrals to Lendful. Mogo will receive a fee for every loan that Lendful funds. ”

[Click here to read full article: Mogo Establishes New Referral Agreement with Lendful for Unsecured Consumer Loans](#)

DIGITAL PAYMENTS

4

Fiserv offers Buy-Now-Pay-Later option

“ The expansion of BNPL payment options is growing and Fiserv has joined the trend for purchases with interest-free installment payments. To meet the demand for BNPL options, Fiserv said it has enabled QuadPay, an app that splits payments into four installments over six weeks. ”

[Click here to read full article: Fiserv Adds Buy Now, Pay Later Option](#)

DIGITAL PAYMENTS

5

[RBC launches digital remote account opening experience](#)

“ Mobile Syrup reports that RBC started offering a new digital remote account opening for both personal and business customers. With new and improved digital customer onboarding, RBC offers three ways for account opening: remote self-service, remote advisor-assisted and in-person at a branch. RBC notes that the remote account opening solutions are powered by new ID verification (IDV) technology. ”

[Click here to read full article: RBC launches digital remote account opening experience](#)

DIGITAL PAYMENTS

6

[Pay for your parking with Google Pay within Google Maps](#)

“ If you are a Google Maps user then you’ll be delighted to hear that Google has launched a new service that will enable you to pay for parking within Google Maps. The service is currently available only in Texas for pilot purposes but hopefully it will be available in Canada eventually. Users will be able to pay with Google Pay directly from Google Maps. ”

[Click here to read full article: Google Launches New Google Maps Parking Payments Feature](#)

DIGITAL PAYMENTS

7

[Square to offer payroll services to its customers](#)

“ Square’s On-Demand Pay and Instant Payments solutions will enable Square Payroll customers and employees to effectively manage their cash flow. Square solutions will enable employees to transfer up to USD \$200 from their wages to the Cash App for immediate usage. In the same way qualified employees will have the option to transfer on-demand pay to a linked debit card for a 1% fee pre transfer. ”

[Click here to read full article: Square launches On-Demand Pay and Instant Payments](#)

DIGITAL PAYMENTS

8

Pay with your hand!

“ Amazon One consumers can pay only with their hands without using any other forms of payment or identification. Amazon introduced the touchless way to pay at checkout enabling users to pay with the palm of their hand at specific stores. Palm primit has been connected with a stored credit card and all Amazon users need to do is to place the palm of their hands above a sensor and purchase products at checkout-free Amazon Go stores. ”

[Click here to read full article: Amazon One Lets Consumers Pay With Their Hand](#)

FINTECH, PAYMENTS AND MORE

1

Neo Financial is the latest neo-bank in Canada

“SkiptheDishes stands behind another neo-banking entity in Canada that started its services in the Prairies with the goal of disrupting the Big Five. The first service offering is Neo Financial’s savings account, Mastercard and rewards program for SkiptheDishes merchants. It is reported that Neo has a 30K plus waiting list for its new services.”

[Click here to read full article: SKIPTHEDISHES CO-FOUNDERS LOOK TO SHAKE UP BANKING AS NEO FINANCIAL HITS THE MARKET](#)

FINTECH, PAYMENTS AND MORE

2

[UK banks sign Fintech Pledge](#)

“ The Fintech Pledge is a new government-backed pledge that some of the UK’s largest banks have signed. This new pledge is set to improve collaboration between fintech firms and is designed to boost the sector by establishing new transparent and efficient partnerships between banks and fintechs. Within six months of this pledge, the banks will need to provide landing pages and a named contact for firms looking to partner. ”

[Click here to read full article: UK banks sign Fintech Pledge](#)

FINTECH, PAYMENTS AND MORE

3

Amazon rolls out pay at pump feature

“Amazon’s new “Alexa, pay for gas” verbal command enables on-the-go devices that are connected to the Alexa app use their default payment option set in their user Amazon account, so there is “no need to swipe your card, enter your zip code, or touch the keypad.” This feature is now available at over 11,500 Exxon and Mobil stations across the US. Amazon says “With fuel payments secured by Amazon Pay, your data is more protected and your purchases are more streamlined.”

[Click here to read full article: Amazon rolls out pay at pump feature](#)



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Delivering Fintech Innovation

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