



Business update

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SIX Payment Services processed 1.315 billion card-based payment transactions worldwide in 2014

2015 – Is the year of the smartphone & new payment processes are in the pipeline

Zurich, 29 January 2015 – As the specialist of cashless payment solutions, SIX Payment Services saw online transaction volumes rise in 2014 alongside constant increases in traditional card payments using credit and debit cards at the point of sale (POS).

The range and volume of payment transactions made online, in high street stores and through a variety of other locations offering goods and services continued to expand in tandem with technical innovations. Mobile wallets, which became a hot topic in 2014, are likely to gain momentum in 2015 with the launch of Apple Pay. We also anticipate that NFC payments (near field communication) and omni-channel solutions will effectively remove the dividing line between online and offline activities.

Total volumes of card-based payment transactions are still growing. SIX Payment Services saw global transaction volumes increase 10%, rising from 1.195 billion in 2013 to 1,315 billion in 2014. The total transaction volume (MSV) amounted to CHF 69 billion. Almost half the transactions (48%) came from the international business of SIX. The number of cards processed increased by 2% to 25,7 million in 2014.

The run-up to Christmas is a guaranteed sales driver: the highest shopping revenue figures were recorded on 23 December 2014. On that date, SIX Payment Services processed 5.6 million transactions with a value of CHF 569 million. Based on the transaction count per minute, transactions peaked in the early afternoon of 23 December with a total of 18,400 transactions.

The growing popularity of card-based payment transactions affects individual sectors differently; the main growth drivers are certainly e-commerce and alternative payment methods.

"We anticipate that the concept of mobile wallets will continue to gain ground in 2015. Wallets will become unnecessary as everything that they traditionally contain – from payment cards to loyalty cards, to coupons, vouchers and even tickets – can be accessed quickly, easily and securely via smartphones," explains Nick Santschi, CEO of SIX Payment Services. SIX is currently working on a P2P solution, which



will be rolled out on the Swiss market in the first half of 2015. The solution will allow private individuals to transfer money between smartphones: a rapid, secure and convenient solution. "This innovative service directly reflects our mission – to be the core technology partner for the Swiss banks – but is also meeting the needs of modern consumers," comments Nick Santschi.

SIX Payment Services predicts the trends that will shape payment transactions in 2015:

- **Rising popularity of NFC payments**

Contactless payments with bank cards have primarily focused on micropayments up to now: cashless payments for small amounts. The solution is quick, practical, and particularly popular in venues that used to be plagued by long queues, such as football stadiums. The payment solution is set to become more widespread in many markets over the next year. Growing numbers of contactless cards are being issued and contactless terminals have been in place for some time. In the medium term, many customers will also be able to pay using an NFC-enabled smartphone. According to a recent survey by ibi research in Germany, more than two-thirds of German retailers believe that smartphones will have replaced physical wallets by 2030. In order for the switch to happen, we will need secure solutions for virtual mobile wallets, allowing users to upload and call up payment data easily and securely.

- **Multichannel and cross-channel sales will evolve to become omni-channel solutions**

Omni-channel solutions and customer loyalty programs will be key issues in 2015. With multichannel retail, customers can choose from a range of sales channels offered by one retailer. Retail offerings will gradually become cross-channel – combining a range of channels – and then evolve to become omni-channel solutions. Omni-channel sales merge all payment channels seamlessly. For example, a customer could buy a product instantly, simply by scanning the QR code on a poster. For retailers, the development will mean even greater competition from other sales channels, but will also provide an opportunity to tap into and win over new customer groups. It is essential that all channels are set up and maintained professionally, particularly for payments.

- **Growing internationalization of e-commerce**

Geography is no obstacle for e-commerce, but fluctuations in exchange rates and unfamiliar currencies can create problems. Help is available in the form of solutions offering dynamic currency conversion. The payment terminal at the POS automatically identifies foreign cards and allows the customer to pay in their usual currency. Guaranteeing the purchase price and eliminating exchange rate risk before the transaction is made alleviates the concerns surrounding international online sales, which will continue to flourish in 2015.

- **Security remains a priority for electronic payments**

Security remains a crucial factor in gaining acceptance for a payment process – this is true for familiar processes but especially relevant for new developments such as mobile wallets. Customers need to be confident that sensitive data will be protected. Merchants are required to comply with the PCI Data Security Standard (DSS) for storing, processing and transferring credit card data and should only work with payment service providers that are PCI DSS certified. Other factors in improving security for online transactions include security verification by credit card providers, based on the 3D-Secure standard, and the hybrid TLS encryption protocol (also known as SSL encryption), which ensures that data is transferred securely online.



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SIX Payment Services

SIX Payment Services offers financial institutions and merchants secure, innovative services along the entire value chain of cashless payments. Our tailor-made solutions include settlement of domestic and international credit, debit and prepaid card payments. One of Europe's largest card transaction processors and market leader in Switzerland, Austria and Luxembourg, SIX Payment Services ensures that card-based payments in Switzerland and abroad are accepted and processed.

With around 1,200 employees and 14 locations worldwide, SIX Payment Services supports clients in 33 different countries. www.six-payment-services.com

SIX operates Switzerland's financial market infrastructure and offers on a global scale comprehensive services in the areas of securities trading, clearing and settlement, as well as financial information and payment transactions. The company is owned by its users (approximately 140 banks of various size and orientation) and, with its workforce of more than 3,700 employees and presence in 24 countries, generated an operating income of 1.58 billion Swiss francs and a Group net profit of CHF 210,2 million in 2013. www.six-group.com