ACROSS
ALL BOUNDARIES

MAGAZINE NO. 1

wirecard

REINVENTING PAYMENT – SINCE 1999

Online, offline and mobile: Wirecard is the leading specialist for payment processing and issuing.

wirecard

CONTENT

"We are creating solutions that allow our clients and customers to keep abreast of the latest technological developments."

Dr Markus Braun, CEO, Wirecard AG

Dear Readers

"Across all boundaries" is not only the title of Wirecard's 2013 Annual Report, but also that of the magazine, which we are including for the first time to mark the company's 15th year.

The digital evolution is revolutionising our culture in a way that affects almost all areas of life. The extent of these developments is comparable to the impact of the introduction of the printing press in the 15th century. Now, as then, a new medium is causing a complete redefinition of how we live our lives.

Everyone is experiencing the transformation from an industrial society to an information society for themselves. Everyone wants to, and it is perhaps even fair to say, must shape many areas of their life according to their own individual requirements. The internet is playing a major part in this process. Not only do we have faster access to a vast wealth of information than ever before, but we also have the most important medium for expressing and shaping our lives at our fingertips. This is true for those in emerging markets as much as for those in already mature markets.

Where do technology providers such as Wirecard fit in to all this? As one of the trendsetters of online payment, we are playing a decisive role in shaping this transition and transformation. To achieve this, we are crossing borders. Through transparency, creativity and flexibility, we are creating solutions that allow our clients and customers to keep abreast of the latest technological developments.

Dr Markus Braun

"Mobile payment takes into account the current environment of the consumer."

Jan Marsalek, COO, Wirecard AG

ANYTIME, ANYWHERE

HOW THE MOBILE INTERNET CONNECTS REAL AND VIRTUAL LIFE

Digitisation has generated a wealth of new services and applications. Smartphones and tablets are making them usable on the move.

The digital society has developed at an enormously fast pace over the first decade of the present millennium. In business, science and administration, in the workplace and in private life, computers and internet access have long been a given. Devices such as smartphones and tablets have made the internet mobile. Internet availability anytime, anywhere via smartphones and tablets has become part of everyday life. According to BITKOM, the ITC industry association in Germany, a quarter of Germans over the age of 14 have a smartphone, giving them mobile internet access.

The smartphone enables us to capture those special moments, order concert tickets online and let our friends know on social media what we are doing right now. We can even manage our bank accounts online. The new devices allow users a growing number of convergent services. Not long ago, mobile phones could simply be used to make calls and perhaps take pictures or play music, now smartphones come with a comprehensive range of functions, which can be used to exchange information and entertain.

Increasingly sophisticated smartphone and tablet cameras are replacing cameras, camcorders and recorders. Integrated players are connected with music streaming apps and online shops, which make it possible to buy new multimedia content anytime, anywhere. In addition, cloud-based solutions enable virtual data exchange between computers and mobile phones.

The combination of internet, GPS satellite technology and innovative applications make it easy to navigate on smartphone screens and track locations, jogging routes or product deliveries. Location-based services and augmented reality deliver precise information on such diverse aspects as the location of a user or the products available on the supermarket shelves.

INTEGRATING THE ENVIRONMENT

Anyone downloading a city map will receive suggestions on short cuts and public transport connections, information on sites of interest and recommendations for restaurants in the immediate vicinity. For example, users can pay a taxi fare digitally via a smartphone app.

Communicating, consuming, and finding your bearings – everyday life is increasingly being lived online, while new web technologies are connecting the technology of the virtual world with the real world. In the "Internet of Things," small processing cores and microchips are identifying and networking physical objects and technologies. Every single small unit has its own web address via which it virtually connects with other units.

SMARTPHONE SALES ROCKET
The growth of the German smartphone market, 2010–2013

10.4 2010
15.9 2011
23.6 2012
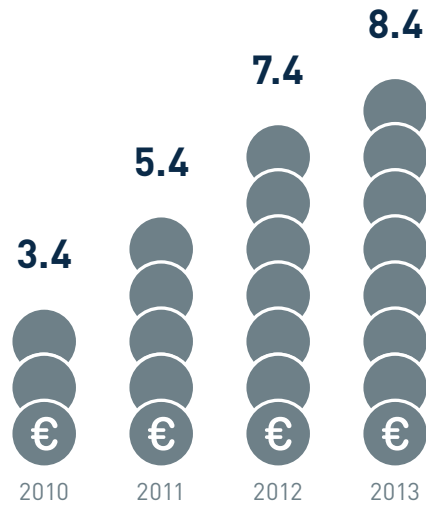**26.4** 2013

Unit sales in millions

3.4 2010
5.4 2011
7.4 2012
8.4 2013
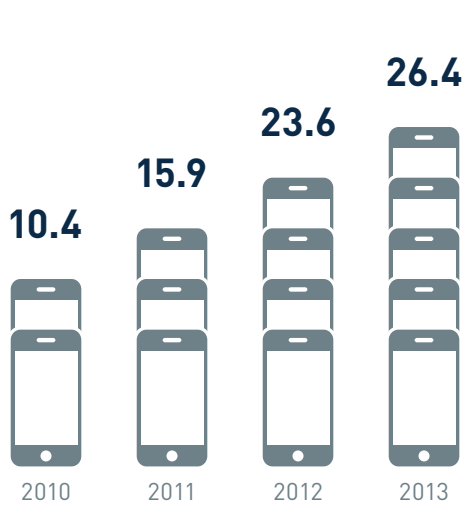
Sales in EUR billions
(Source: EITO, IDC 2010–2013)

EVERYTHING COMMUNICATES

In the smart house, it is possible to control and monitor the entire energy use of the household even when you're not at home. Windows and heating systems adjust to the time of day, outside temperature or weather conditions. Smartphones and tablets can be used to remotely control home utilities such as lights, heating and multimedia using web-based technology.

Refrigerators will report if food needs to be bought and a door camera can be installed to show welcome or unwelcome visitors approaching. Not only will intelligent cars be networked with traffic management technologies to avoid traffic jams, but they will be able to locate a free parking space in a car park and automatically park without driver intervention. Clothes will come with integrated communication and tracking tools. When out jogging, the time, distance and calorie consumption will be checked and all this will be identified and controlled by mobile technology. Much of what sounds like tomorrow's world is already part of life today.

For many of us, the smartphone has long become an indispensable device which is used for the most varied areas of daily life.

AS IMPORTANT AS
YOUR HOUSE KEY
AND WALLET

According to a BITKOM survey, around 50 million Germans now carry the mobile internet with them every day, in much the same way as they take their house key and wallet. However, very soon, they might just as well leave their wallets at home, because Wirecard is bringing an array of new mobile payment solutions on the market, which can be used for easy contactless payment.

Wirecard is among the first payment companies worldwide to integrate Bluetooth low energy (BLE), along with NFC and QR codes, into the existing mobile wallet platform under the name "Bluetooth BLE Smart Payment" as an additional payment technology. As part of the Bluetooth specification, the new BLE technology enables data transmission over distances of up to ten metres. Using microtransmitters, or beacons, for the connection, this technology offers innovative location-related services including payment. BLE is a component element of the Apple, Android and Windows smartphone operating systems.

Source: 2011 CEBIT survey

RATING ON THE SECOND SCREEN

Smartphone apps can be used anywhere to download Facebook profiles, Twitter, Google+, LinkedIn and Pinterest, no matter whether users are on the underground or in the doctor's waiting room. Even mobile online games are no longer a solitary activity, as it is possible to play against others on virtual networks.

Smartphones also have an important role as a "second screen". No TV football broadcast is complete without fans assessing players and performance on social networks during the match, and viewers search Google for the right answers to game show questions on their mobile phones as they are watching. At the same time, TV stations are responding by interacting with viewers and social networks in real time as programmes are broadcast. And even while users are on their PCs, the smartphone is in use as a second screen. At the same time as they are surfing the web or playing games online, kids are chatting to friends on their smartphone. ◼

01

02

Finding somewhere to spend the night, telling friends where we are at the moment (01) or commenting on an event (02): life today is networked and connected. People want flexible access to information and the ability to exchange it quickly.

E-MATCHING
Partnership
Friends

E-HEALTH
Medical data
Biographical data

E-PRIVACY
Shopping data
Hobbies
Photographs

E-PERSON
Areas of everyday
life are networked
online more and
more.

E-CAREER
CV
Jobs

E-BODY
Sports
Well-being

E-GOVERNMENT
Personal data
Authorities

MEGATRENDS

THE DIGITAL EVOLUTION IS IMPACTING MANY DIFFERENT AREAS OF SOCIETY. IT IS DEFINED BY THE FOLLOWING THREE MEGATRENDS.

Connectivity: broadband internet and innovative information technology is enabling many new types of interaction and collaboration. Scientific, economic, media and social systems are becoming ever more efficient and dynamic. Apps and devices allow people to connect on a virtual level. The number of new online platforms on which they share information or market products and services is constantly growing.

Mobility: whether or not someone remains competitive in this globalised world is wholly dependent on their willingness to be mobile. This is essential for the top job, the nicest flat or the best price. New real and virtual ways are used to achieve this in our mobile age. Mobile internet on devices such as smartphones and tablets makes it much easier to access information and guidance anytime and anywhere. In pursuit of sustainability, mobility is no longer seen as an expression of freedom per se, instead the debate focuses on the use of resource-maximising transportation, infrastructure and services.

Individualisation: education, lifestyle and home – each individual person has ever more freedom and ever more choice. Changing life plans and evolving values are the upshot. It is not uncommon to switch jobs or even careers a number of times and to explore a range of different lifestyles. Things are determined by choice not circumstance. Individuals decide where and when they want to shop. Businesses must adapt by offering the right products and services for choices of lifestyle, relationship, identity and purpose. Mass markets are giving way to micro markets with precisely segmented target groups.

AN EYE ON CUSTOMER REQUIREMENTS

META SERVICES COMBINE A NUMBER OF SERVICES IN A CUSTOMISED PERSONAL PACKAGE

The economic engine of the mobile lifestyle is driven by maximum availability of services and data, anytime, anywhere. This also includes innovative payment methods.

The combination of data, objects, contacts and communication has generated new personalised services, which are known as meta services. These are not bound by time or place and are directed at the immediate and acute needs of the individual. The services associated with this, including payment transactions, take place in real time and via mobile internet.

The exciting aspect is not only the combination of several services into a customised personal package, but also linking this with real and virtual transactions. Consequently, smartphones have become buying advisers when shopping as they allow consumers to research cheaper or more attractive alternatives online while in an actual high street shop.

CONTACTLESS PAYMENT

In turn, retailers can also win over customers by displaying their products in the virtual world in a persuasive way. Consumers today can buy their glasses online. They can try on virtual frames with lenses according to the prescription provided by high street opticians and compare the available selection on their own computer or tablet screens then and there. This principle works equally well if consumers use

their tablet to research tour operators and compare prices for their next trip, but then actually book with their travel agent.

In order to reach customers wherever they happen to be, in the real or virtual world, innovative mobile payment solutions are also essential. Smartphones, which enable different methods of payment directly at the point of sale, have already proven their worth as virtual wallets. Credit card readers at supermarket checkouts or in restaurants are already old news, while the new mobile, plugin readers for smartphones and tablets now also allow even smaller retailers to offer customers cashless payment.

Beyond this, there are in-app solutions which will become established as standard, just as in the case of the metallic chips on EC or cash cards. Apple, Google, Microsoft and Mozilla Firefox offer their digital products via apps which are linked into their online stores. Wirecard is developing specially tailored app solutions of a similar nature. In addition, growing numbers of local public transport service providers are equipping their timetable apps with additional ticket functions that enable mobile travel ticket sales.

The future is contactless transfer. Near field communication (NFC), an international wireless transmission standard, is one of the major technologies being used. The system permits the direct wireless transmission of data at touch points. The corresponding services can be loaded

and integrated as a smartphone app within a few minutes. By way of example, Orange, France's biggest mobile tele-communications provider, is offering a VISA-based mobile payment service "Orange Cash" in France. The payment system developed by Wirecard not only uses VISA payWave at the point of sale for contactless NFC transactions, but also enables secure payments in the online shop using virtual disposable credit cards at any time. An integrated loyalty system and a simple downloading system complete the product.

MOBILE ADDED VALUE

Contactless payment is also possible via a QR code, which is placed in a prominent location at the entrance to a sub-way station or a sports' arena, for example. To initiate the payment transaction, the code is scanned via a QR reader smartphone app.

New and convergent mobile payment solutions such as those developed by Wirecard are also delivering value-add-ed services, which enhance the customer experience still further. Apps can be combined with loyalty programmes, including those offering miles, points, vouchers and dis-counts. Online and offline event promotions can be directly linked with ticket sales to encourage impulse buying. At the same time, digital tickets and their integrated codes also provide entry to an event.

The transmission technology recently installed as standard in the smartphone operating systems of Apple, Google and Microsoft now presents itself as an innovative solution for contactless systems: Bluetooth, which is used in near field communication for data transfer between two devices, is the new gold standard for transmission over a ten metre distance in its form as Bluetooth low ener-gy (BLE). The system works by placing small transmitters, known as beacons, in relevant locations. When custom-ers approach these beacons with their smartphone, they

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can obtain push notifications about their present location if Bluetooth mode has been activated. These may relate to individual price offers, digital vouchers, bonus points, supermarket guidance systems or even information on parking near a football stadium. What is of interest to retailers is that these small smart systems can generate data which enhances mobile CRM solutions. ■
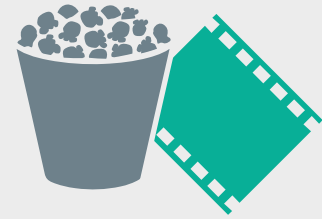
EXAMPLE OF A META SERVICE: GOING TO THE CINEMA

For consumers, the mobile lifestyle offers a number of versatile, networked services, known as meta services, which are quick and easy to use via an internet-enabled device, anytime, anywhere. For instance, a tourist visiting a new city would like to go to the cinema and can open the browser on their smartphone to check the current programme.

Using location-based services, they select a nearby cinema, find the quickest route on a map app and the public transport connection required to reach it. They book and pay for their cinema ticket online and at the same time buy a virtual ticket for the public transport they will be using, which can also be stored on the smartphone. On arrival at the cinema, they can also bypass the long queue at the box office by using their virtual ticket to enter.

GUIDED BY SMARTPHONE

Near field technology such as Bluetooth low energy (BLE) and Near field communication (NFC) as well as smartphone apps provide retailers with location-based and personal information about their customers. They also enable consumers to be connected on their mobile at the point of sale. In this way, high street retail becomes a key part of cross-channel marketing.

Mobile Payment

Location Navigation

Check-in Coupons

Proximity Marketing

REACH MARKETING
Retailers can draw attention to their services through digital touch points. When customers walk past a touch point, they receive information individually tailored to their needs on their smartphone screen.

SHOPPING ADVICE VIA SOCIAL MEDIA
Retailers make multimedia content available via wireless or apps. Through social media functions on their smartphone, customers can share anything of interest with friends in their social media networks there and then.
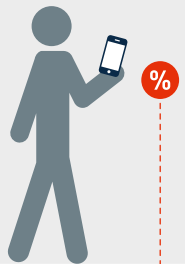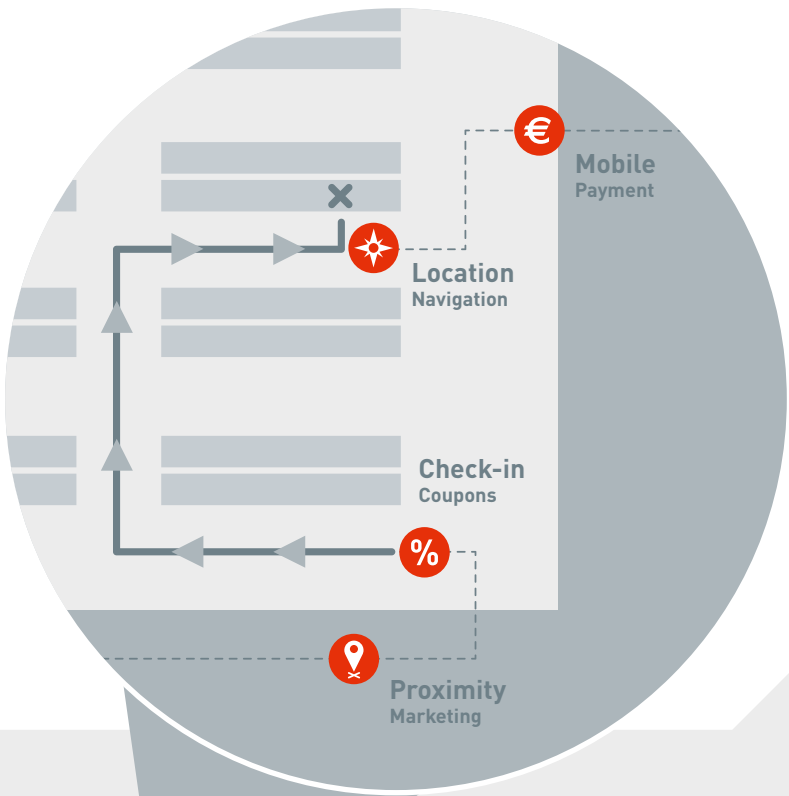
PERSONALISED APPROACH
Customers check into a shop on their smartphone when entering. They then receive a personal message and check-in vouchers as a purchase incentive as well as information on the latest offers.

MOBILE GUIDANCE SYSTEM
An in-store navigation system guides customers wirelessly to their desired products and other offers within their reach in a targeted way.

SCAN TO BUY
Customers scan offers using their smartphone camera and the installed QR reader. At that point, they can buy the product if it is available, discover more about it or place an order immediately.

-20%

-20%

CUSTOMER RETENTION
Existing customers can be notified wirelessly when their favourite products are on offer and when they last bought them.

LOYALTY PROGRAMMES
The loyalty status comes into play at the checkout and enables customers to be addressed personally. Retailers can approach customers themselves in this way, offering them a complimentary muffin with their cup of tea, for example.

EXIT

CAFÉ

MOBILE PAYMENT
Customers confirm the contents of their shopping bag via a store app, and then pay on their mobile. The data required for payment processing has been stored in an app beforehand. Payment processing therefore becomes more convenient for customers and even more secure for retailers.

PEER-TO-PEER COMMUNICATIONS
Wireless hotspots provide access to infotainment at the point of sale and encourage consumers to stay in the shop for longer. This technology also makes it possible to connect customers to each other.

CUSTOMER MEDIA
Mobile versions of customer magazines can be accessed via apps at specific locations, for example a hotspot in the shop's café.

SHOPPING CENTRE
Hello Joe Bloggs,
It's great to have you back!

COUPON 1
10 % off

COUPON 2
10 % off

DASHBOARD

JOE BLOGGS
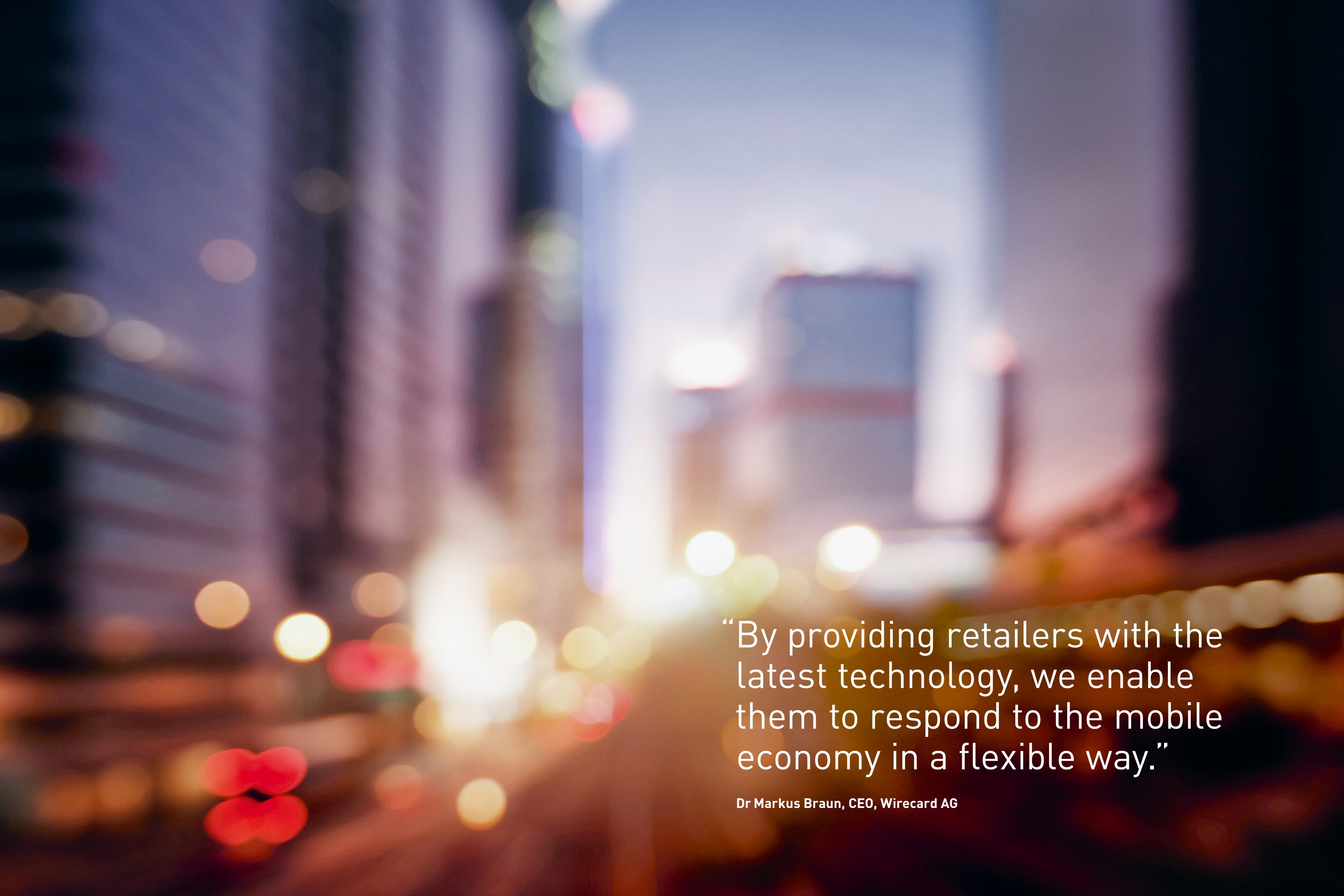This customer has already paid by QR Code (2 ×), NFC (3 ×) and once with beacon.
Last products purchased
▸ Sencha tea
▸ Cream cheese bagel

GOLD STATUS
★ ★ ★ ☆ ☆

"By providing retailers with the latest technology, we enable them to respond to the mobile economy in a flexible way."

Dr Markus Braun, CEO, Wirecard AG

COMBINING LOCATION AND MULTIMEDIA

THE BORDERS BETWEEN SALES CHANNELS ARE BLURRING

Today's consumers are looking for a fast, reliable integrated buying experience, no matter where they happen to be.

Until recently, the various sales channels were distinctly different: companies would offer their products in local stores, by mail order, teleshopping or in their own online shops. Consumers would have to opt for one of these available outlets to buy the products they wanted. In recent years, the emergence of e-Commerce has started to blur the borders between the online and offline worlds. Just lately, the ability to network data, media and technology via mobile devices has completely revolutionised retailing.

For the first time, the new mobile economy is now allowing consumers to shop in any location. Regardless of whether they are in their local area, online or on their mobile, shopping is possible whenever the mood strikes or when an interesting opportunity arises. Such flexible and impulse-driven decisions also demand a new flexibility and augmented service offering from the service providers. To be successful, a company must be omnipresent wherever potential customers might crop up so that they can win over consumers before they decide differently. Multichannel commerce is becoming omnichannel, and thus, transforming into cross-channel commerce across the entire spectrum. It features the maximum possible number of real and virtual touch points, which in turn are networked in order to deliver the ideal flow of all information needed

for making a buying decision. Customer proximity, which was generated by sales personnel and individual advice in classic retailing and has lately begun to fall by the wayside with the advent of e-Commerce, is now being replaced by information that is available anytime, whether in the form of personal chat or digital features.

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In many stores, the sales personnel work with tablets so that they can give customers precise advice, check stocks and even process sales transactions. Terminals are set up on sales floors to guide customers directly to the desired product or, if necessary, suggest a nearby branch with available stock or a suitable alternative in that store. They are also linked directly to the online shop and provide any other information that might be relevant for consumers. If customers can surf the net on their smartphones, why not on a large screen in the store? This prevents consumers buying the same product at home from a competitor's online shop.

ONLINE SELECTION IN ADVANCE

Many large retail chains are already taking a different route by letting customers explore the selection of products in advance to make shopping at the branch even more convenient. This service is enhanced by vouchers and loyalty programmes, both virtual and real. In addition, added value is created in the stores through contactless NFC, BLE and QR code data transmission systems which positively enhance the buying experience still further by facilitating mobile payment directly at the point of sale.

MOBILE ECONOMY

Mobile communications and social media are becoming key growth drivers in e-Commerce.

Smartphones and tablets are generating new momentum for e-Commerce. All over the world, consumers are using the mobile internet to obtain information on products and place orders. This is particularly true of countries with poor infrastructure, where using mobile phones to shop is very popular.

Of course, the importance of social media is also growing in such places. For instance, customers in China can receive coupons or online vouchers if they rate their purchases online. Such assessments are used by the major retailers as the basis for configuring their product ranges, prices and deliveries.
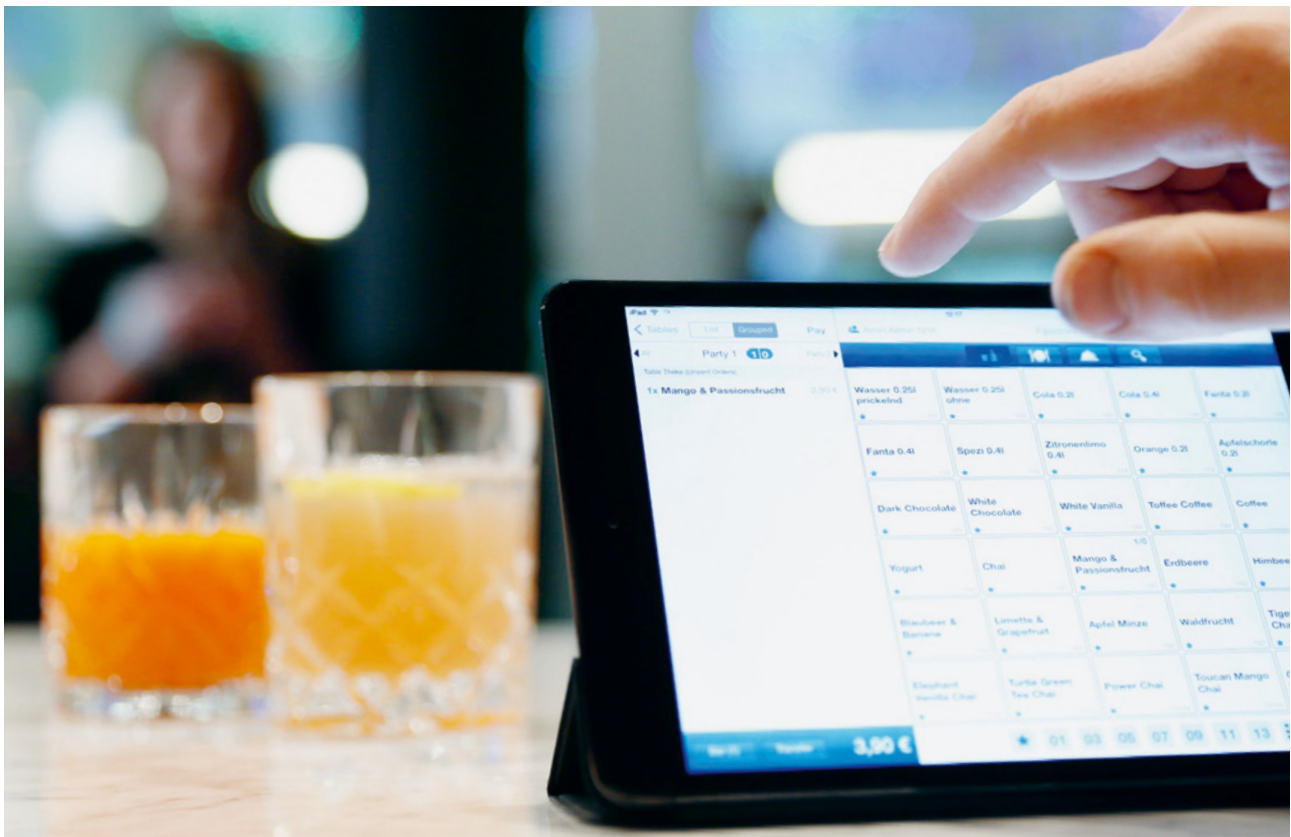
BLUETOOTH BLE SMART PAYMENT

WIRECARD MAKES CUSTOMISED MOBILE PAYMENT POSSIBLE

At the Digital Life Design (DLD) conference organised by Hubert Burda Media in Munich in January 2014, Wirecard presented an innovative real-life scenario based on the use of Bluetooth low energy (BLE). In line with the theme of this year's DLD "Content & Context", Wirecard and its partners Deutsche Telekom and orderbird, a supplier of iPad PoS systems for the catering industry, showcased the future of mobile payment in high street retail.

In the Wirecard check-in bar, conference visitors were able to experience for the first time how simple a BLE-based buying process can be. As one of the pioneering payment technology companies in the world, Wirecard has integrated BLE technology into its existing mobile wallet platform under the name "Bluetooth BLE Smart Payment". The advantage of this technology is that the customer experiences a personal payment process, without having to hand over cash or card information. The entire process is completely integrated for mobile devices. BLE technology allows the Wirecard mobile wallet to communicate directly with the point of sale system in use and makes possible a range of other value-added services relating to loyalty, vouchers personalised offers, as well as mobile payment processing.

Alongside NFC and QR code systems, BLE constitutes the third contactless payment standard supporting Wirecard's mobile solutions. Contemporary smartphones and mobile operating systems promote innovative types of customer loyalty and payment processing. As part of the Bluetooth specification, the new BLE technology facilitates data transmission over distances of up to ten metres. This technology offers innovative location-related services by using microtransmitters, or 'beacons' as they are sometimes known, to establish a connection. ■

03
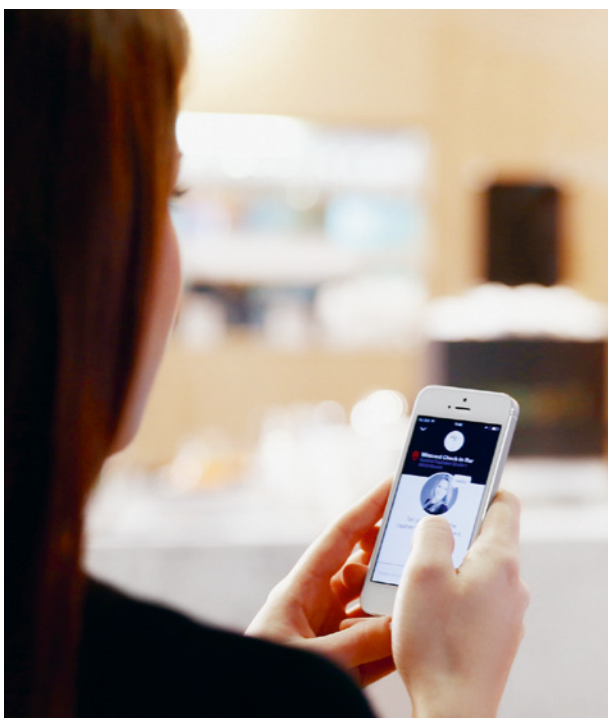
04

A customer visits the Wirecard check-in bar. She has already downloaded the app required for registering and logging in. The drinks menu is shown on her smartphone screen (01, page 22). The barman reads which drink she has ordered on his tablet, which he uses to calculate the cost of the drink (02). The guest will receive an app request to confirm payment of the bill (04). When order and payment have been processed, the barman will mix the drink (03).

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FACILITATING PURCHASING EXPERIENCES

SUCCESS IN MAIL ORDER BUSINESS IS DEPENDENT ON CREATIVE ONLINE SHOP CONCEPTS

Niche providers will prevail by successfully guiding customers to online shops with the look of fashion magazines and by motivating buyers to recommend their products in social networks.

Shop websites with responsive designs that upload quickly on all devices and screen sizes, are user friendly and allow persuasive product presentation are part of the basic equipment in today's world. Retailers benefit from scalable solutions for shop software and above all from online payment systems, which allow even the smallest shops to operate intelligently in the e-Commerce sector.

Values change quickly in a multi-optional society and business also evolves as a result. The megatrend of individualisation is one of the major forces currently driving change in society and business. This particular trend has resulted in many small entrepreneurs, who sell their manufactured goods and niche products in professional online shops and opt to become affiliated with online marketplaces as collective sales platforms.

ALL BRAND NEWS

E as in "electronic" has evolved into e as in "everywhere" or e as in "emotional" – the digital presence must shift ever more towards a real shopping experience that has expanded into the mobile realm. Simply operating a kind of digital delivery warehouse will no longer cut it. In order to generate enthusiasm among customers, online show-rooms need to be designed in an interesting way, appealing to consumers' hearts so that their heads approve the purchase decision. Modern content management and shop systems offer a range of templates through which products and information can be presented appropriately.

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The look and feel is therefore more akin to a lifestyle magazine than an online product catalogue.

The product information is enhanced through multimedia content and blogs, which aim to provide authentic and personable news and reports relating to the brand and to allow interaction with users within social networks. Clothing shops introduce style-finder applications that add matching accessories to chosen products and show inspirational catwalk videos to demonstrate how clothing fits. For example, fashion labels offer an outfit creator service and competitions, or include an interactive look book in their shop which allows consumers to put together individual items of clothing by collection, colour and size.

Once the perfect outfit for the upcoming party has been assembled digitally, consumers can display it on their Facebook page, inviting others to rate it and comment. This stimulates interaction and makes the shopping experience social as consumers can share it together with friends online. If customers require further advice, be it on fashion, technology, software or food, there is even the option of a live chat service with personal shoppers. ■

A customer places an order online (01).
The shopping experience takes place in the home (02).

SECURE ON ANY CHANNEL

REGARDLESS OF TOUCH POINT: GAINING CONSUMERS' TRUST WITH THE RIGHT PAYMENT SYSTEM

Secure and transparent payment models can help retailers achieve long-term success and even transform customers into brand ambassadors.

The future holds a great number of e-Commerce innovations in store as a result of digitisation, connectivity and individualisation. The lasting success of online shops is based on CRM and payment processes which guarantee the maximum level of comfort, legitimacy and security for both the seller and the buyer.

Above all, this demands scalable communications and financial services as well as as being up-to-date with the international security standards. Alongside intuitive shopping areas, modern e-Commerce systems should have cross-channel personalised customer loyalty programmes and integrated payment functions. Wirecard is developing individual payment models that function equally at the point of sale, on mobiles and online.

Key factors in a competitive environment are user friendliness, trustworthiness and a personalised approach to customers. In order to be successful, retailers should be able to answer the following questions with a resounding yes: "Was your shop easy to find for those who were interested?", "Was the product search in the online shop convenient?", "Is the product description appropriate?", "Are the order and payment processes described in an understandable way?", "Does the shop offer the right payment methods for all customers?", "Will the promised delivery date be met?", "Is there interaction with social media?", "Is appealing add-

ed value offered to new and existing customers?". Tracking tools which are integrated in the shop software deliver data that enables accurate personalisation at the touch point. Voucher and loyalty programmes, as provided by Wirecard mobile payment for a wide range of different customers, can be automatically activated via customer credit cards and other personal data during the payment process

> The modal checkout facilitates easy, flexible and transparent payment in real time for customers.

electronically. This allows retailers to offer added value to customers such as credit, price reductions, vouchers, gifts and free samples.

Options include credit cards, direct debit, bank transfer and invoicing. The modal checkout facilitates easy, flexible and transparent payment in real time for customers. The more effective a shop concept is, the more likely a customer is to return or even become an ambassador for the brand. Traditionally, customers have assumed this role by recommending products to others in their person-

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al sphere. In the digital age, recommendations and evaluations are shared through online ratings either directly on the shop website or via embedded links to social networks. Retailers should take advantage of this and selecting the right payment model is essential. ■

Customers want to buy not only when and where they choose, but also how. Whether bank transfer or credit card, choice of payment method is key, both online (01) and at the POS (2).
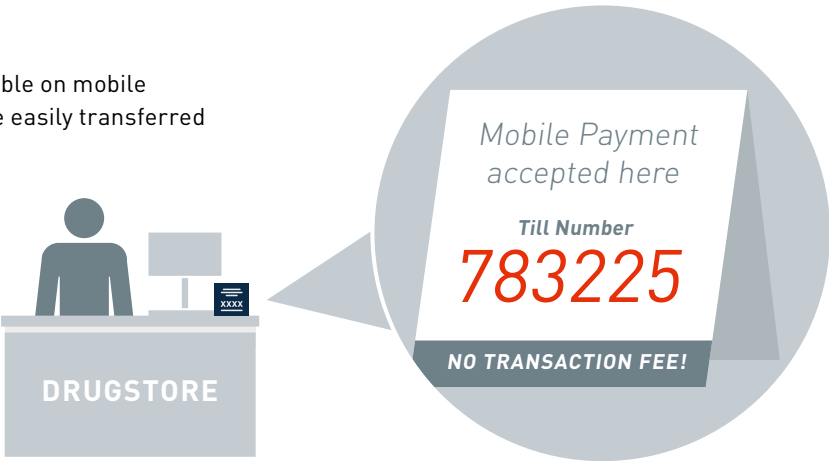
MOBILE PHONES AS BANK ACCOUNTS

In countries where the infrastructure network is not sufficiently developed, non-internet-enabled mobile phones are still commonly used as bridge technology, replacing bank accounts, for example.

MOBILE PAYMENT
Payment is also possible on mobile phones. Money can be easily transferred via SMS gateways.

DRUGSTORE

Mobile Payment accepted here

Till Number
783225

NO TRANSACTION FEE!

INTERNATIONAL MONEY TRANSFER
Mobile phones not only make it possible to transfer money within a country, but also internationally. The fees are in fact often less when using this method.
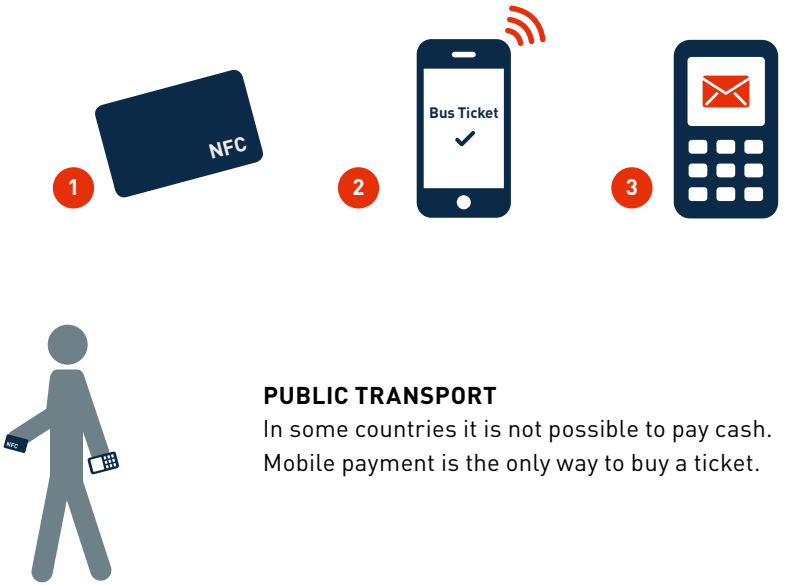
New balance 155 Euro

20

NFC

Bus Ticket

1   2   3

BUYING AIRTIME
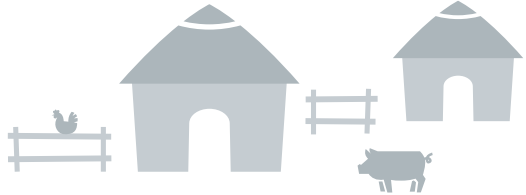Many people use airtime for mobile communications and processing financial transactions.

PUBLIC TRANSPORT
In some countries it is not possible to pay cash. Mobile payment is the only way to buy a ticket.

SHOP

You have received 700 Euro from Michael.

MONEY TRANSFER
Poor banking infrastructure means many people rely on mobile infrastructures, to send money to a family member, for example.
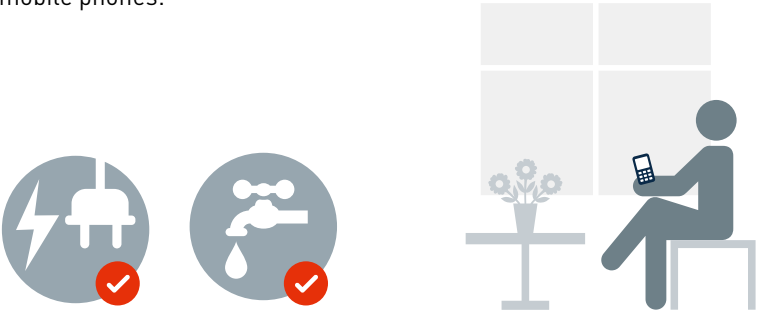
MORE THAN 75 %
OF ALL PEOPLE
WORLDWIDE OWN
A MOBILE PHONE.

MOST LIVE IN
COUNTRIES WITH
POOR INFRA-
STRUCTURE.

Source: World Bank

PAYING BILLS
Doctor's invoice or energy bills – they are now easy to pay using mobile phones.

RECEIVING WAGES AND SALARIES

Bank transfer of salary to the mobile phone? Many employees prefer this solution because the nearest bank is often far away.

SALARY
30

MOBILE PHONES ARE OFTEN USED TO MAKE UP FOR POOR INFRA-STRUCTURE.

THEY ARE OFTEN THE ONLY AVAILABLE OPTION FOR USING FINANCIAL SERVICES.

MOBILE HEALTH SERVICE

Mobile phones have established themselves in the health sector. They are used to pay for medication, medical bills and insurance.

Ask about main symptoms
1. Cough
2. Diarrhea
3. **Fever**
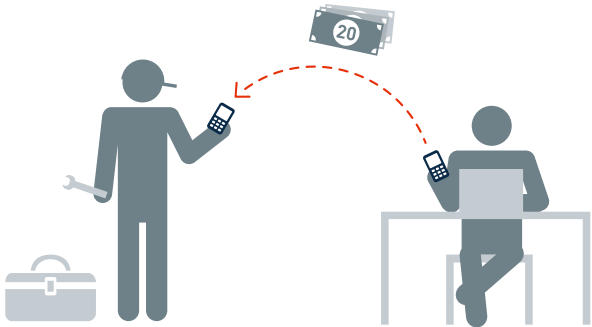4. Ear problem
5. Other
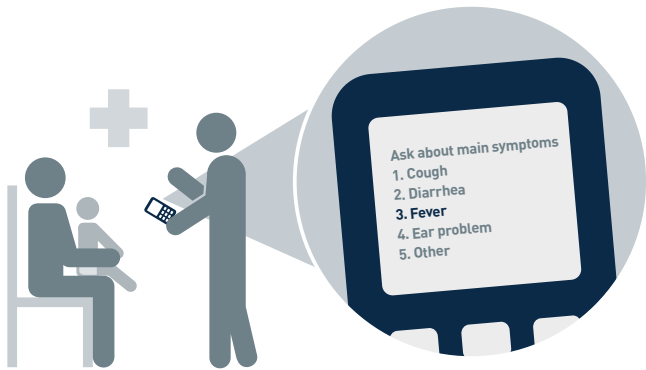
MOBILE EDUCATION

Many mobile-based schooling programmes have already been implemented in less developed countries. Pupils can buy courses and books on their phone.

PEER-TO-PEER PAYMENT

P2P payment is a popular method of transfer-ring money simply and securely.

ATM
20

WITHDRAWING MONEY

People in countries with poor infrastructure who have access to an ATM can use their mobile phone to authorise cash withdrawals.
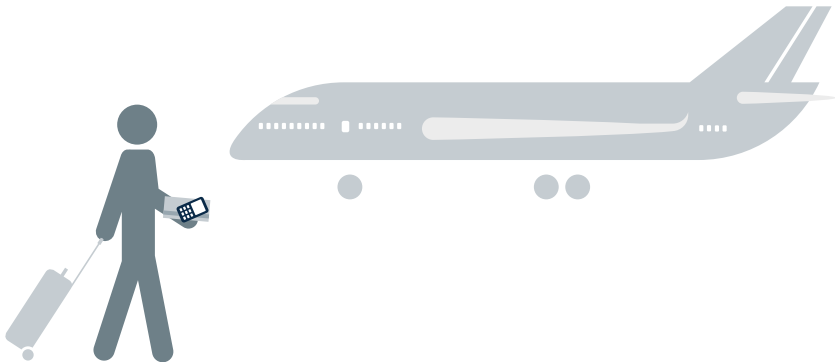
AGRICULTURAL DEVELOPMENT

Many farmers have already benefited from the mobile revolution. They receive the latest information on livestock and feed prices by text message.
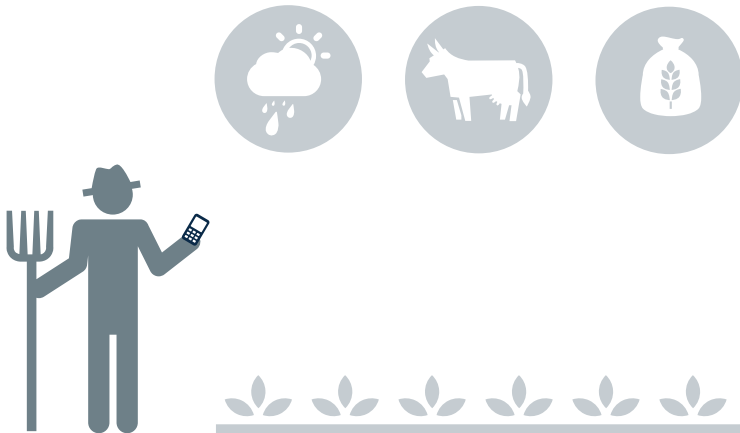
BOOKING FLIGHTS ON MOBILE

Although it has not yet become common in highly technological countries to buy plane tickets on mobile phones, this has long been the norm in less technologically advanced areas.

| Dial *123*45# | 1. Send Money 2. Withdraw Cash 3. Buy Airtime 4. **Pay Bills** 5. My Account | Enter business no. 456789 | Enter Ref. no. (booking no.) xxxxx | Enter Amount xxxxx | Enter PIN no. xxxxx | Confirm by choosing 1 or cancel by choosing 2 |

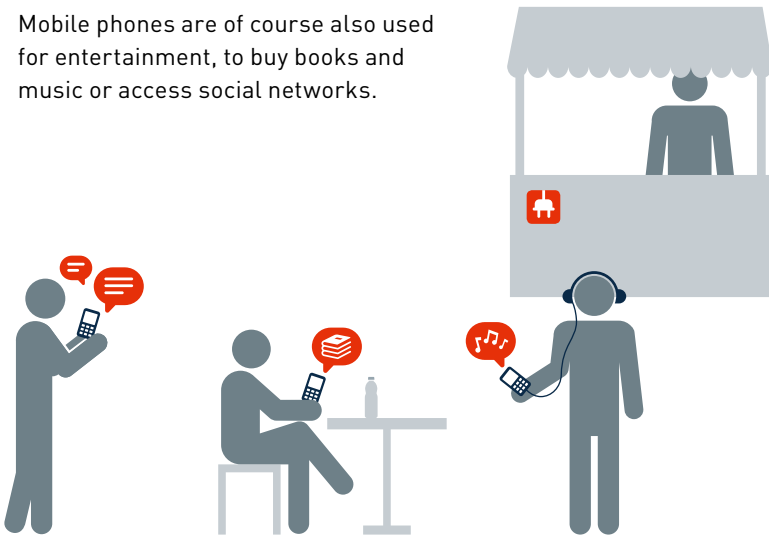**WHETHER SMS OR APP, THERE ARE MANY WAYS TO PAY USING A FEATURE PHONE.**

A WIDE RANGE OF DIFFERENT TRANSAC-TIONS ARE POSSIBLE IN THIS WAY.

MOBILE ENTERTAINMENT

Mobile phones are of course also used for entertainment, to buy books and music or access social networks.
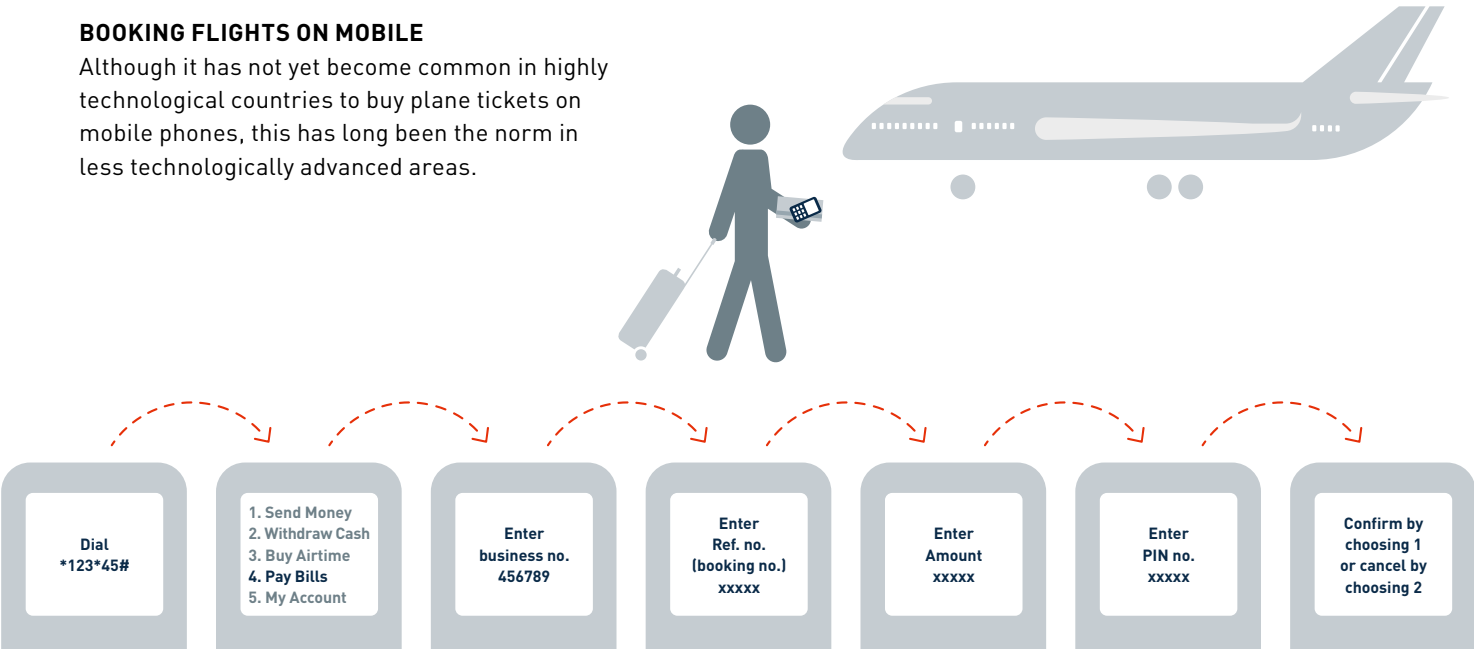
"Our expertise and experience have already allowed many retailers to develop their business across borders."

Burkhard Ley, CFO, Wirecard AG

INFINITE DEPARTMENT STORE

ONLINE RETAIL IN ASIA OFFERS NEW OPPORTUNITIES FOR CUSTOMERS AND RETAILERS

Consumers in the growth markets are increasingly buying online. This is opening up new sales markets for retailers.

Shanghai is booming. The great metropolis on China's east coast has long since become one of the most important economic centres of the world. This is also evident in the range of products on offer there. To illustrate this, anyone taking a stroll down Nanjing Road, Shanghai's biggest shopping street, would have to spend many, many hours just to gain an overview of what is on offer in fashion, jewellery and entertainment electronics. However, as abundant and varied as shopping opportunities are in Shanghai, the greater the contrast with the situation in China's rural areas where the infrastructure is poor. With high street retail virtually non-existent in villages and smaller towns, many consumers are using the internet to bridge the gap in the supply of goods and of course, to acquire Western products.

More than 600 million Chinese are online regularly, with nearly 165 million shopping on the internet. This makes China representative of developments in the various growth markets of Asia, Latin America and Eastern Europe. They have instantly taken to using this medium as an extended department store, skipping the various stages Western consumers passed through since the introduction of the internet.

Over 85 % of the global population live in the new growth regions. The emerging economies of Asia account for 60 % of this figure, and they generate 30 % of global value creation. It is predicted that this will rise to as much as 50 % in the next 20 years.

In these regions, the number of people with sufficient disposable income to afford the goods they are being intro-

> The emerging economies of Asia generate 30 % of global value creation.

duced to in the new media is on the rise. The affluent Asian middle class population is set to grow by about one billion by 2020.

While the young educated classes in Central and Northern Europe have been completely redefining the concept of ownership and possession even exchanging or borrowing clothing and everyday items online over web portals, the growing middles classes in the East are just discovering consumption. Goods from the West are in particularly high demand. To quote just one example, China is the market of the future where wines are concerned. The vast population alone makes this a country with huge market potential and this affects a variety of products coming from the West.

Approx.
7.7 billion

Approx.
50 billion
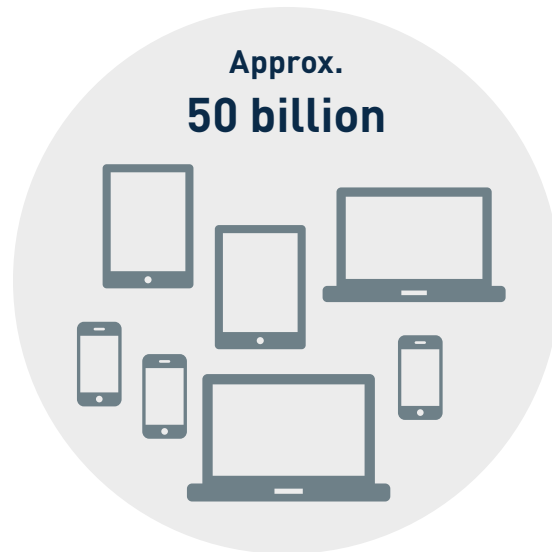
Use of the new media in the emerging markets is representative of global development: by 2020, there will be an average of around 6.5 networked devices per person.

Between 25 % and 50 % of internet users in Asia has been buying online for some time. This means that people there behave in much the same way as they do in the rest of the world. Consequently, sales generated online are rising and are even predicted to increase by a factor of 35 to more than five trillion USD by 2025. Growth of this magnitude opens up many new opportunities for retailers, especially in the longer term, since the population in this region is continually growing. By 2050, the population of Asia is estimated to total some 5.5 billion, while the population in Europe will be steadily declining.

The emerging markets also offer good potential for retailers who do not wish to establish a local presence, but hope to expand their international mail order business without making a huge investment. However, it would be a mistake to underestimate consumers. In adapting to Western lifestyles, consumers in China, India and other emerging economies quickly latch on to what is established practice in the West. Accordingly, more than 40 % of Chinese online shoppers are already participating in social commerce. They are interested in finding out how certain products and service are rated and are not shy in coming forward with their own comments. ■

Not everywhere in China offers as many shopping opportunities as Hong Kong. That is why so many consumers buy online in rural areas.

EXPERTISE IS VITAL

SELECTING SOLUTIONS TAILORED TO THE TARGET MARKET IN COLLABORATION WITH AN INTERNATIONALLY EXPERIENCED SERVICE PROVIDER

In addition to shop design and good logistics services, success in international e-Commerce is mainly contingent on the choice of payment options available in the country concerned and secure risk management.

These days, anyone who prefers to drink only tea sold by Harrods of London, preferably with a petit pain and fig jam from Berlin's famous KaDeWe department store, no longer needs to leave their own home. Almost anything can be ordered online, and now shoppers even enjoy the added benefit of an attractive exchange rate. Many retailers already expanded their high street store services some time ago to include mail order and even the smaller department stores often have online shops. The internet has opened up new opportunities in almost every sector for retailers to gain new supra-regional and international customers.

CULTURAL DIFFERENCES

Sales generated by cross-border mail order business are growing at a rapid rate. The amount shoppers are spending is set to rise by 20 % over the next two years alone.*

However, anyone aiming to benefit from this development should tread carefully. Many retailers who have tried to expand overseas business with their own shops have failed. The essential ingredient for every concept is knowledge of international payment transactions, since the business model must be precisely tailored to suit the target market in question. The process begins with cultural differences: In

Asia, people's tastes differ to those in Europe – seen for example, in the use of colours. Last but not least, the payment options on offer are a key factor in whether or not a customer completes or abandons a purchase. The choice of logistics service provider is equally important, since the success of

Online presence must be appropriate for the country: in Asia, people's tastes differ to those in Europe – seen, for example, in the use of colours.

the business greatly depends on the reliability of the delivery. Only with the appropriate experience and an international network can it be ensured that products will be delivered on time, whenever and wherever they are expected.

Offering consumers quick and easy payment processing is crucial for the success of an online shop, both within and across borders. The process must offer security for both parties. Buyers must be confident of receiving the goods for which they have paid and that, if required, these can be returned. Conversely, the retailer must be certain of receiving payment for the products.

As an international service provider, Wirecard is working with retailers to develop individual and standardised payment solutions, which are practical, efficient and secure. Wirecard's solutions allow retailers to always offer the right selection of payment methods, which are ideally suited to conditions in the target market. When opening a shop, the recommendation is that alongside the well-established credit card payment method, at least one other local means of payment should be available.

ASIA

INTERNET ACCESS

Online shopping is not possible without access to the internet. In Germany, practically every household is now connected: 68 million people, which corresponds to an 84 % share of the total population.

The potential for online retail in the Asian economies is huge, not least because of their extremely high populations. In China alone, more than 600 million people have internet access, representing a supply rate of 42.3 %.

In the six biggest economies of South-East Asia, 160 million people have internet access. The internet supply rate in these countries averages around 28 %. Singapore is well ahead of the rest with an internet supply rate of 75 %.

Sources: Wikipedia (EN), List of countries by internet use; TechInAsia/Information published by the Chinese internet authority, 17.1.2014

* Source: Consumer Market Study on the Functioning of eCommerce and Internet Marketing and Selling Techniques in the Retail of Goods (September 2011)

SEPA

Since February 2014, Europe is a step closer to the target of becoming a standard payment zone: SEPA (Single Euro Payments Area) aims to enable cashless euro transactions to be made using a single standard process. The date for introducing SEPA into retailing has been extended to 1 August 2014.

SEPA is valid in all 28 EU member states as well as Switzerland, Liechtenstein, Iceland, Norway, Monaco and San Marino. All transactions are processed and completed in accordance with the same standards, regardless of whether they are national or cross-border transactions. Wirecard offers an extensive portfolio of SEPA solutions.

In particular, anyone operating a shop outside the European Union should take care to ensure that the appropriate transaction and payment currencies for the target markets are available. In addition to principal membership with Visa and MasterCard, Wirecard also holds acquiring licences for American Express, Discover, Diners Club, UnionPay and JCB.

However, in addition to efficient payment processing, stringent risk management is an important precondition for ensuring mail order sales. Wirecard's aim is to protect retailers in two ways: first, against the inability or refusal to pay on the part of the consumer and second, against targeted attempts at fraud. For this purpose Wirecard has developed variable-scale security systems offering comprehensive protection, tailored to suit any shop size and individual requirements.

As a technology service provider, Wirecard is one of today's global leaders in electronic payment transactions. With the benefit of its full banking licence, Wirecard also offers financial services such as the issue of prepaid credit cards and card acceptance services and supports any organisation wishing to expand its cross-border sales business as a competent and reliable partner. ■

BESPOKE NOT MASS PRODUCED

PRODUCTS SHOULD SATISFY THE DESIRE FOR INDIVIDUALITY

While people in the emerging economies are discovering consumption, many shoppers in the industrial nations are now primarily demanding products which reflect their individuality.

Industrialisation made mass production possible. What once promised wealth for all is now considered decidedly unappealing by today's more demanding consumers. The post-industrial society is moving away from mass markets and consumption towards individualisation. No other megatrend is currently exerting as fundamental an influence on the market as this, a trend mainly affecting consumers in the industrial nations.

Buyers are no longer interested in any old product. Consumers are looking for motivation, identity, ethical values and aspirational perspectives. Whether this desire is directed at running shoes for marathon training, muesli for breakfast or an outfit for the next party, if a retailer is aiming for success, today's products need to satisfy individual needs. As far as possible, products must be tailored to suit the individual buyer, as well as being suitable for resale, repair, recycling or upgrade.
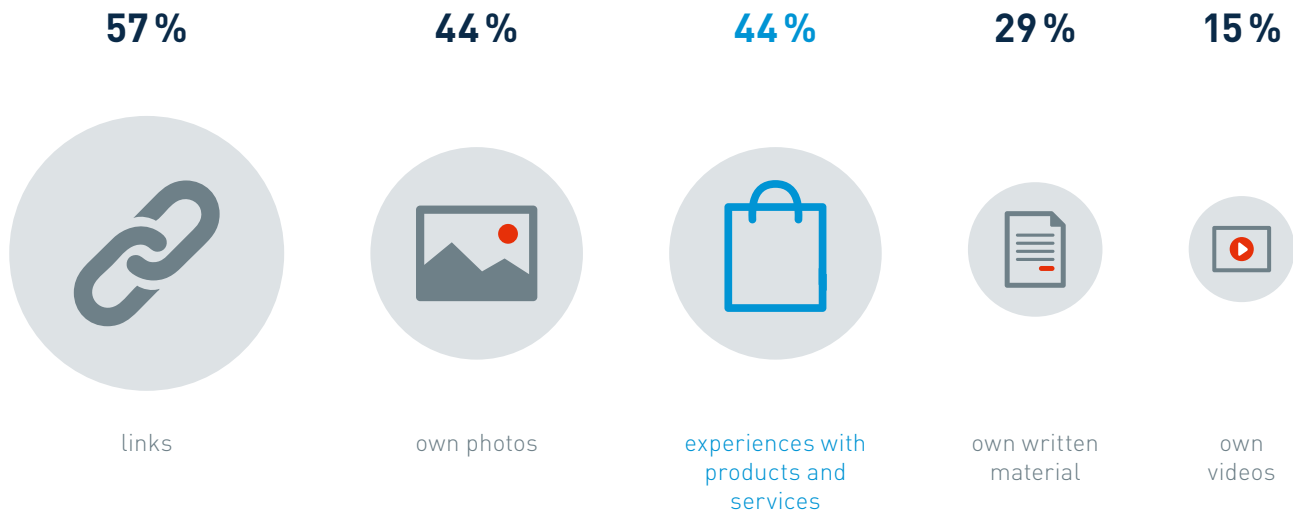
THE VALUE COUNTS

Consumption has long since become a global phenomenon. National borders have melted away as consumers have become used to buying products from all around the world. In fact, there is even a blurring of borders with regard to what the product itself represents. Only if the material

and immaterial values which consumers associate with a particular product are equally vivid will they regard their needs as having been fulfilled. This can only be accomplished with a certain service intelligence, drawing in both the consumers and the products. No single company will be able to deliver this form of service on its own. Consequently, entire industries and companies must cross their own internal borders and work together.

Any retailer hoping for success in the future must take the desire of customers to network and share information seriously.

WHAT INTERNET USERS LIKE MOST TO SHARE

57 %	**44 %**	**44 %**	**29 %**	**15 %**
links	own photos	experiences with products and services	own written material	own videos

Particularly in those countries where many of the markets are thought to be saturated, the desire for quality is growing. This signifies that the demand is for a better not a bigger offering. In such an environment, value creation is consistently generated by the overall system which includes the product, but is not the product itself. Anyone regarding services as a mere cost factor which should be kept as low as possible is hardly going to succeed.

BUILDING RELATIONSHIPS

To offer, develop and deliver services which give consumers a decisive added value requires intensive networking and relationship effort. The promise associated with the product must be tangible. In order to cash in on this, consumers must be cultivated, even after the purchase is complete. If a company is to be successful in the long run, it must be as committed to aftersales service as it is to the introduction of a new product. The reward is twofold: with trust, consumers will impart information which can form essential building blocks for developing and sustaining customer relationships.

Consumers have long realised that they are the partners of the retailers and that their feedback is crucial for the market. Their interaction automatically involves their com-
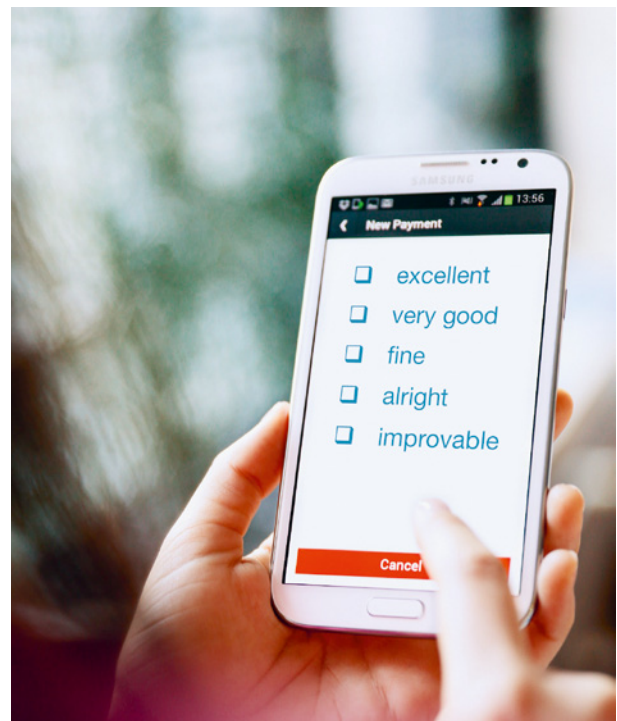
Keep your promises: customers will generally post an instant rating as to whether or not they were satisfied with the product or service

munity, where they rate the quality and services associated with the product on social media and respond to the ratings posted by other members of the community.

Sharing and the wish to communicate are needs firmly rooted in the human psyche. It potentially requires a certain creativity to set a company apart from the competition. For example, if a drinks coaster is equipped with an RFID chip, it can supply consumers with information from the manufacturer. If the consumer then discovers which of their friends have already tried the particular beverage, this creates a personal relationship with the consumer, which can also be sustained and expanded with a little creative effort. ■

HAND KNITTED AND HAND-CRAFTED

DaWanda is an online marketplace for unique items and hand-crafted articles. More than 230,000 traders are selling predominantly handmade products on this platform. DaWanda allows buyers to have products adapted to suit their individual wishes or made to their own specifications.

The platform offers sellers a competitively-priced payment portal developed by Wirecard, which is easy to install. It also gives smaller sellers the possibility of offering their customers options such as payment by credit card.

Sellers using DaWanda or other online marketplaces can also use the portal for simple and secure processing of transactions with customers from other regions or countries.
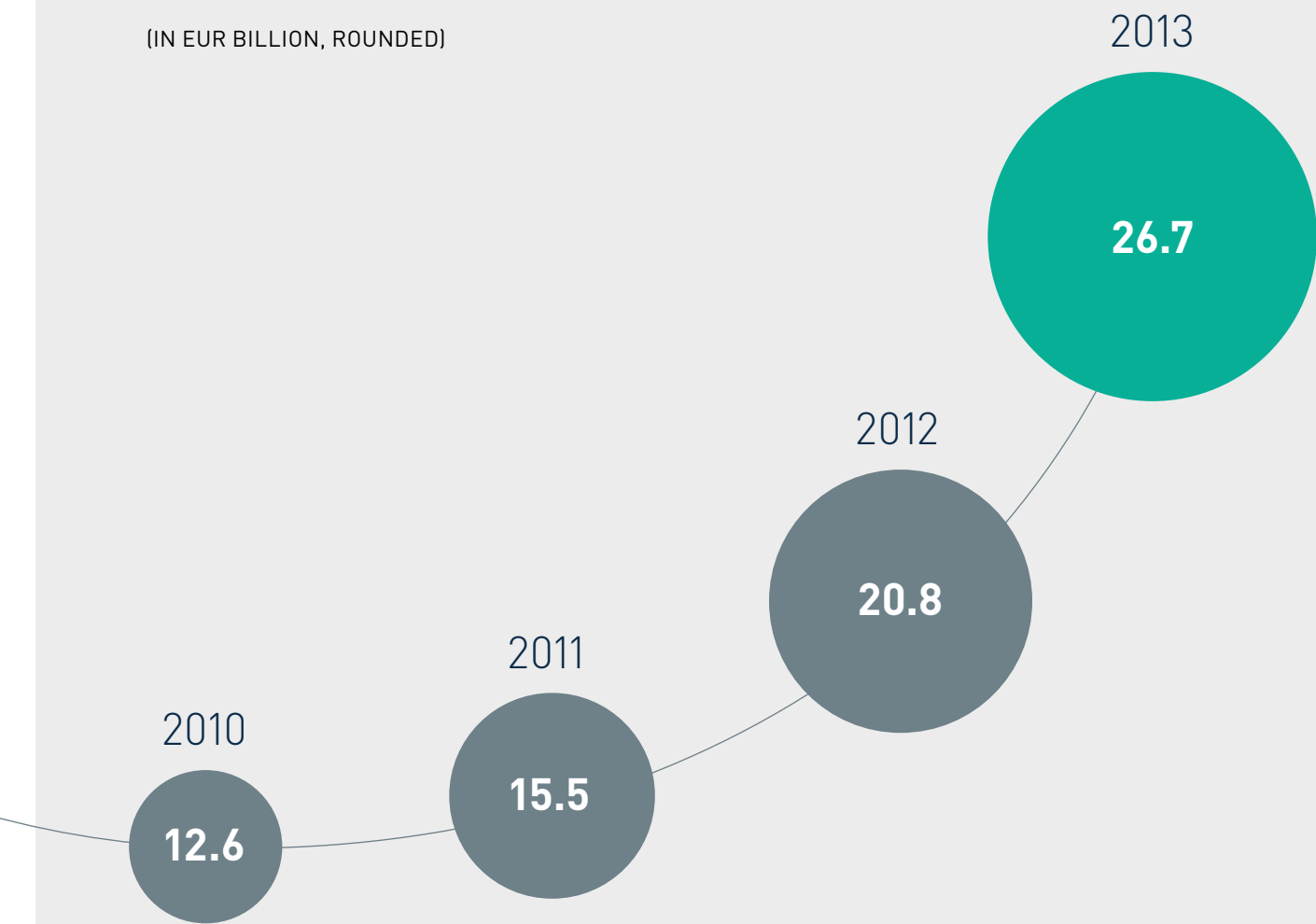
WIRECARD'S SUCCESS CAN
BE MEASURED IN FIGURES.

GROWTH TREND CONTINUED

Wirecard AG achieved its goals in the 2013 business year. In the period under review, a transaction volume of EUR 26.7 billion was processed, sales rose to EUR 482 million and EBITDA increased to EUR 126 million.
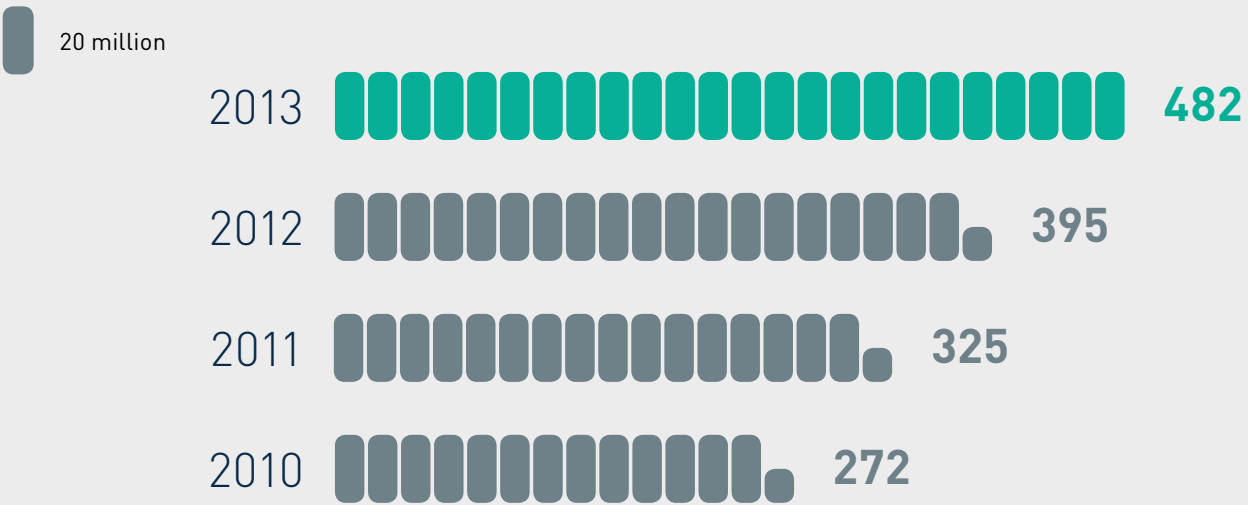
SALES

(IN EUR MILLION, ROUNDED)

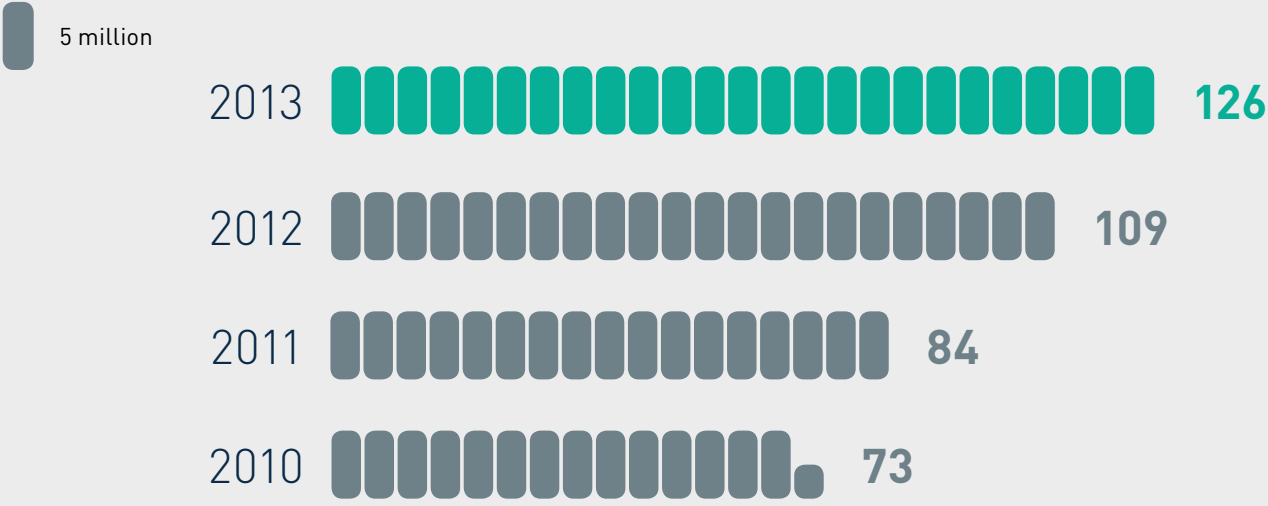■ 20 million

2013 ████████████████████████ 482
2012 ████████████████████ 395
2011 ████████████████ 325
2010 ██████████████ 272

TRANSACTION VOLUME

(IN EUR BILLION, ROUNDED)

2013 — 26.7
2012 — 20.8
2011 — 15.5
2010 — 12.6

EBITDA

(IN EUR MILLION, ROUNDED)

■ 5 million

2013 █████████████████████████ 126
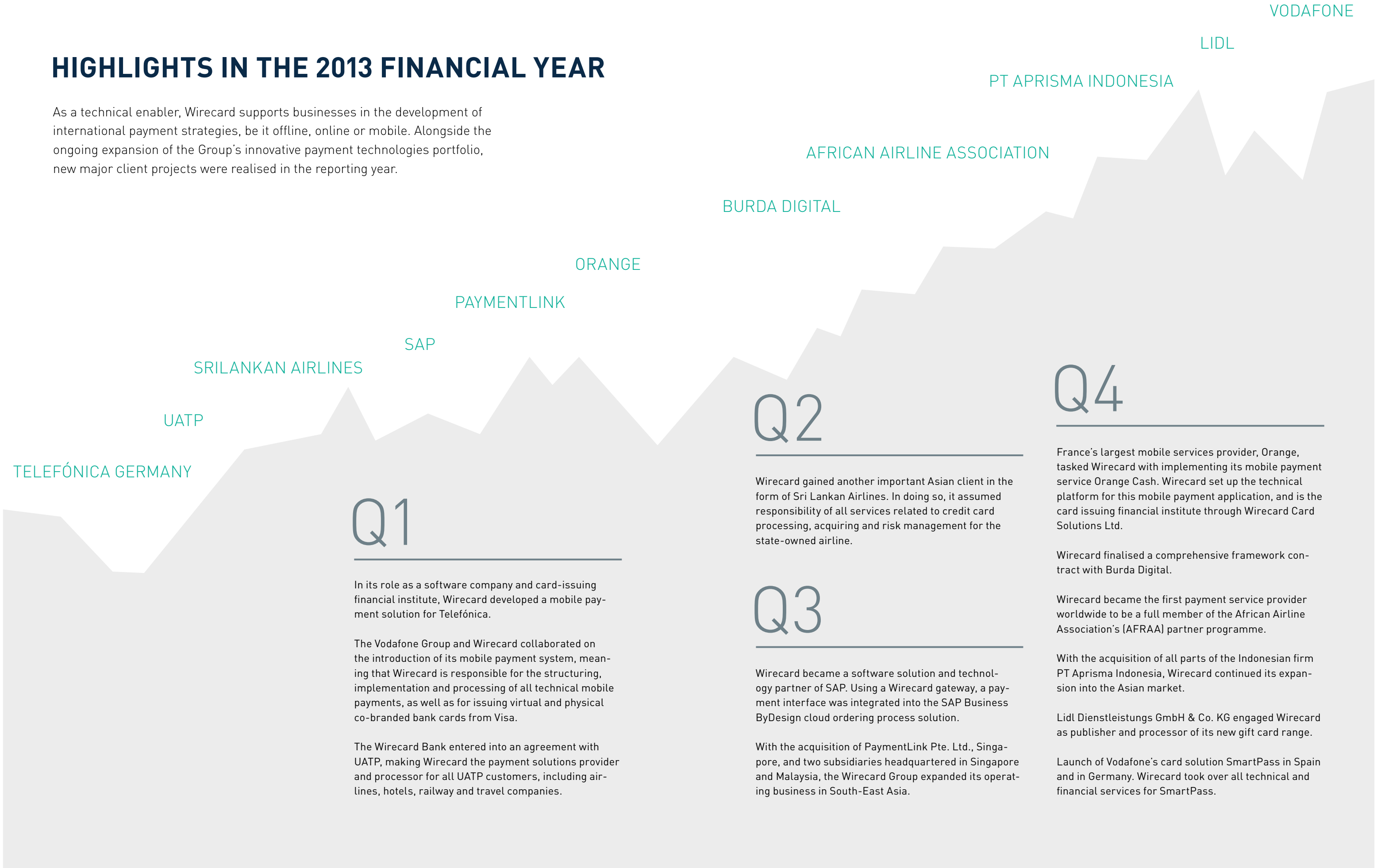2012 ██████████████████████ 109
2011 █████████████████ 84
2010 ███████████████ 73

HIGHLIGHTS IN THE 2013 FINANCIAL YEAR

As a technical enabler, Wirecard supports businesses in the development of international payment strategies, be it offline, online or mobile. Alongside the ongoing expansion of the Group's innovative payment technologies portfolio, new major client projects were realised in the reporting year.

VODAFONE

LIDL

PT APRISMA INDONESIA

AFRICAN AIRLINE ASSOCIATION

BURDA DIGITAL

ORANGE

PAYMENTLINK

SAP

SRILANKAN AIRLINES

UATP

TELEFÓNICA GERMANY

Q1

In its role as a software company and card-issuing financial institute, Wirecard developed a mobile payment solution for Telefónica.

The Vodafone Group and Wirecard collaborated on the introduction of its mobile payment system, meaning that Wirecard is responsible for the structuring, implementation and processing of all technical mobile payments, as well as for issuing virtual and physical co-branded bank cards from Visa.

The Wirecard Bank entered into an agreement with UATP, making Wirecard the payment solutions provider and processor for all UATP customers, including airlines, hotels, railway and travel companies.

Q2

Wirecard gained another important Asian client in the form of Sri Lankan Airlines. In doing so, it assumed responsibility of all services related to credit card processing, acquiring and risk management for the state-owned airline.

Q3

Wirecard became a software solution and technology partner of SAP. Using a Wirecard gateway, a payment interface was integrated into the SAP Business ByDesign cloud ordering process solution.

With the acquisition of PaymentLink Pte. Ltd., Singapore, and two subsidiaries headquartered in Singapore and Malaysia, the Wirecard Group expanded its operating business in South-East Asia.

Q4

France's largest mobile services provider, Orange, tasked Wirecard with implementing its mobile payment service Orange Cash. Wirecard set up the technical platform for this mobile payment application, and is the card issuing financial institute through Wirecard Card Solutions Ltd.

Wirecard finalised a comprehensive framework contract with Burda Digital.

Wirecard became the first payment service provider worldwide to be a full member of the African Airline Association's (AFRAA) partner programme.

With the acquisition of all parts of the Indonesian firm PT Aprisma Indonesia, Wirecard continued its expansion into the Asian market.

Lidl Dienstleistungs GmbH & Co. KG engaged Wirecard as publisher and processor of its new gift card range.

Launch of Vodafone's card solution SmartPass in Spain and in Germany. Wirecard took over all technical and financial services for SmartPass.

IMPRINT