Future of Payments

Conexxus Annual Conference
Annapolis, Maryland
April 27, 2015
**Jenny Bullard** is the Chief Information Officer (CIO) for The Jones Company, Inc. Working with the Executive team, Jenny provides technical leadership, vision and experience to the company. She is responsible for all software development and purchases, information systems, wide area networking, local area networking and disaster recovery/business continuity for the organization.

**Manu Sporny** is a Founder and CEO of Digital Bazaar, and a chairman for the Web Payments and JSON-LD Community Groups at the World Wide Web Consortium (W3C). He also chairs the RDFa standardization work at the W3C and spends most of his time driving the creation of open standards and open technology that will integrate Linked Data, open identity, and payments into the core architecture of the Web.

**Gray Taylor** grew up in the convenience store industry with the opening of the family's first convenience store in 1963. Involved in the family business, comprised of 87 stores, Gray gained experience in all phases of convenience store and chain retail operations. Gray has been Vice President of Research & Technology for the National Association of Convenience Stores (NACS), and today serves as Executive Director for Conexxus.

**(Moderator) David Ezell**’s grandmother owned “Stop and Pump” in Cropwell Alabama on Highway 231 south of Pell City. Today, he serves as a Principal Software Architect at Verifone in the Global Technology Office. He also chairs the POS/Back Office committee at Conexxus and represents NACS at W3C, where he co-chairs the Web Payments Interest Group.
Future of Payments

Jenny Bullard

Chief Information officer (CIO) for The Jones Company, Inc.
Flash Foods, Inc.

- 171 store chain located in Georgia and North Florida.
- Corporate office – Waycross, Georgia
- Owned by The Jones Company
Why Mobile?

- App customizable to fit your brand
- Marketing to Millennial demographic
- Adds value to existing loyalty program
- ACH Payment reduces credit card fees
- Mobile is convenient and saves time
“Flash Foods Mobile APP”

• Mobile APP features
  – Store locator
  – Fuel pricing
  – Mobile coupons and offers
  – Reporting tools on usage
  – “Rewards in a Flash” benefits using smart phone
  – “GoBlue” Mobile Pay at pump and inside store
“Flash Foods Mobile APP”

• Mobile Payment for consumer
  – Ease of Use
  – Secure payment with Auth code
  – Faster process than traditional card transaction
  – Mobile device always close at hand

• Mobile Payment for retailer
  – No capital expenditure for hardware at pump or inside
  – Quick and easy software upgrade
  – Payment is secure with no cardholder
Mobile APP with Mobile Payment

• NPCA mPay tokenization technology
• Pinnacle POS
• Zingon developed the App To Flash specs
• Launched to the public October 2013
Tech-Savvy—Loyalty Driven

2005

Rewards in a Flash

2008

GOBLUE Payment Card

LOGIN

USERNAME

PASSWORD

CONEXXUS
solve forward
Introducing our New App!

- Save $5 per gallon with GOBLUE Mobile Pay
- Earn Digital Rewards & Get Coupons
- Find Locations & Check Gas Prices

Download Today

[Logos for App Store and Google Play]
Gas Prices

Flash Foods No 1
505 Reynolds St.
REGULAR $3.29
PLUS $3.44
PREMIUM $3.64
DIESEL $0.00
0.4 mi

Flash Foods No 258
1736 South GA Parkway West
REGULAR $3.29
PLUS $3.44
PREMIUM $3.64
DIESEL $3.89
0.8 mi

Flash Foods No 176
1401 Tebeau St.
REGULAR $3.29
PLUS $3.44
PREMIUM $3.64
DIESEL $0.00
1.0 mi

Flash Foods No 150
1712 Memorial Dr.
REGULAR $3.29
PLUS $3.44
PREMIUM $3.64
DIESEL $0.00
1.2 mi

Flash Foods No 94
1974 Central Ave. Ext.
REGULAR $3.29
PLUS $3.44
PREMIUM $3.64
DIESEL $0.00
1.5 mi

Flash Foods No 99
2000 Albany Ave.
REGULAR
PLUS
PREMIUM
DIESEL

Store Profile
Flash Foods No 94
http://flashfoods.com
1974 Central Ave. Ext.
Waycross 31501

Gas prices
Regular $3.29
Plus $3.44
Premium $3.64
Diesel $0.00

Last updated: 3/14/14, 6:00 AM
Price quotes may be delayed and not reflect recent changes. All sales are made using the price posted at the pump at the time of fueling.
Digital Coupons

Offer
COUPON - Free 16oz Kickstart
Expires: 03/30/2014
Redemptions left: unlimited

Kickstart 16 oz Product
Buy 1 Get 1 FREE
Buy any 16oz Kickstart product and get a 2nd Free.
Offer only valid with Coupon. Limit one per customer per visit.

COUPON - Free Nestle Pure Life 16.9oz
This offer was cashed on:
March 12, 2014 at 10:11 AM
Offer-ID: 51697

Flash Foods No 1
505 Reynolds St.
Waycross 31501
0.4 mi
Loyalty Card
Mobile Pay
Mobile Pay Enrollment

Energize Your SAVINGS!

Enrollment Information needed:
- Valid drivers license
- Checking account
- Valid email address
- Must be at least 18 years old

Enroll
- Start Saving with GOBLUE!

Activate
- Enrolled Members Verify Bank Information

Secure
- Your information is SECURE

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CONEXXUS solve forward
Marketing

Introducing our New App!

- Save 5% with GOBLUE Mobile Pay
- Earn Digital Rewards & Get Coupons
- Find Locations & Check Gas Prices

Download Today

Flash Foods

Flash Foods (@FlashFoods) Dec 19
WIN a $100 Flash Foods gift card! RT this photo to be entered to WIN! It's that simple, just RT & u r entered 2 Win!
Pic: twitter.com/all1296gp/jh

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- Find Locations & Check Gas Prices
At Pump
In Store

Enter the mPay Token on the pinpad

Enter your GoBlue App ID below:
Place holder for videos
Reporting – Location

GEORGIA

FLORIDA
Reporting – Demographics

**Gender**
- 45.85% Female
- 54.15% Male

**Age**
- 18-24: 27.50%
- 25-34: 33.50%
- 35-44: 15.50%
- 45-54: 12.50%
- 55-64: 5.50%
- 65+: 5.50%

100% of total visits
ApplePay – to adopt or not

• Inside capable-not at pumps
• Does not reduced interchange fees
• No consumer data delivered to retailer
• No request from consumer presently
CurrentC – to adopt or not

• Internal APP creates own brand image
• GoBlue Mobile payment enhancement to current loyalty program
• Buy-in from consumer-difficult to achieve
• Very costly to be member of MCX
EMV from Retailer Perspective

• October, 2015 inside deadline
  – EMV capable pinpads on target for installation
  – Cost of installation
  – In Queue—targeted for completion by October
    • POS integration to processor to enable EMV
EMV from Retailer Perspective

• Discussion points—meeting the deadline
  – Information very vague as to distribution of EMV cards
  – Inside fraud not a big number for Flash Foods
    • Using POS and business intelligence tool able to control
EMV from Retailer Perspective

• October, 2017 outside deadline
  – Where we stand
    • 384 older pumps to be replaced
    • 220 pumps to retrofit
    • Approximate cost - $9 million
EMV from Retailer Perspective

• Discussion points—meeting the deadline
  – Possible loss of sales due to consumer choice
  – Again control fraud using BI tool and security
    • Criteria for alerts to possible fraud
      – Back/back transactions with same last 6 digit card
Future of Payments

Manu Sporny
Task Force Chair, W3C Web Payments
Executive Director, The Open Payments Foundation
Founder and CEO, Digital Bazaar

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What is the W3C?

- World Wide Web Consortium
- Standardizes technology for the Web
- 400 members
- Guide the Web to its full potential – patent and royalty-free, accessible by all
6 Billion People on the Web by 2020

(most growth in mobile in the developing world)
Web Payments at W3C

- Building Payments into the Core of the Web
- Co-chaired by NACS/Conexxus (David Ezell)
- US Federal Reserve, Bloomberg, Google, Target, Alibaba, Oracle, Verisign, Rabobank, etc.
- Vision: Bring your own device, any payment scheme, single click purchase
Web Payments Goals

- Unified payments via Web, mobile, and PoS
- Re-use existing standards (X9, ISO20022, ISO12812, etc.)
- Level playing field, increase competition
- Easily accept and/or launch new payment schemes and loyalty programs
- Radically low-fee payment schemes with near-realtime settlement/clearing
Web Payments Goals

- Payer-initiated payments (aka push payments)
- Payment tokenization by default
- Take merchant completely out of PCI Scope
- Lower costs to process payments (Gates Foundation)
- Patent-free, royalty-free standards
Conexxus Involvement

- Web Payments will have a massive impact on retailers
- Very important that your voice is heard
- Conexxus is channeling your needs
- Big opportunity to get directly involved
Useful Web Payments Links

- Web Payments IG:
  - http://www.w3.org/blog/wpig/
- Use Cases:
  - http://www.w3.org/TR/web-payments-use-cases/
- Public Forum
  - https://lists.w3.org/Archives/Public/public-webpayments-ig/
Future of Payments

Gray Taylor
Executive Director: Conexxus
Payments Data

2013 Merchant Fees ($bil)
- V/MC Credit, $35.56
- AX, $15.01
- V/MC Debit, $12.75
- Discover, $2.40
- PIN Debit, $3.08
- Private Label, $2.63
- ACH, $0.02

$71.5 Billion
1.5% effective discount

Effective Discount Rate - 2013

- ACH
- PIN Debit
- V/MC Debit
- Private Label
- Average
- Discover
- V/MC Credit
- AX
Non-cash Payments Growth to 2018

- 2013 card spend was $5 trillion, we had 10% share
- Nilson forecasts 2018 card spend to be $7.7 trillion, 7.8% CAGR (‘08 to ‘18)
- 2018 estimated merchant discount is $113.5 billion
- Cash will account for less than 25% of retail sales by 2018
Prepaid/Payroll – a key driver
Consider this...

- Affluence
- Efficiency
- Inclusion
- Technology

“Cards”

ACH

Payroll/GPR

Digital $

End of Cash

- Sovereign risk
- Privacy
- Convenience
- Return to “basics”