

# Rabobank position paper

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*W3C conference on web & payments: How do you want to pay?  
23-24 March, 2014*



**Rabobank**

Rabobank is a strong believer of open banking models, mobile banking and payments – proven by our leading implementations of iDEAL web and mobile payments, MyOrder Cashless Payments and value added services. The Netherlands itself is a showcase for effective retail payments with high volumes of cashless payments and internet banking services at very low cost levels. Latest developments are the introduction of NFC mobile payments (city of Leiden), mobile iDEAL for e-commerce and the growth of mPos.

***“What are the scenarios for payments on the Web and where do they currently break down? How can both legacy business models and new business models involving payment be better enabled on the Web?”***

Payments on the web break down on the many steps involved to enter customer data, payment preferences, account details and so forth.

Payment wallets are required to manage the different payment products a customer may want to use and the related details. On top of that, a wallet may provide several value added services, such as couponing, ticketing.

Wallets should be useable for internet, mobile and real-world payment models.

Rabobank is strongly involved in creating a wallet to enhance the multi-channel payment experience.

*“The Web is increasingly becoming a mobile platform. How does this impact the payments landscape? How can the Web on mobile platforms become more friendly?”*

## One wallet, multiple environments

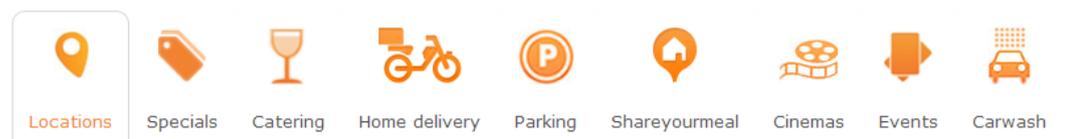
# MyOrder

### Cashless Betalen

The Rabobank MyOrder wallet supports multiple payment instruments, operating a prepaid balance in the background. This account can be funded from bank accounts, iDEAL, PayPal and creditcards. The wallet can be used in e-commerce applications (both web and mobile) and physical shops (using NFC and QR code).

Different usage scenarios are:

- Mobile ordering and payment:



- Food and drinks  
The app presents a list of near-by locations where food and drinks can be ordered. The customer selects the order from the menu list within the app, enters the table number and pays. The order is shown or printed at the till, so the waiter can bring the order to the table directly.
  - Parking meters  
The license plate details are entered in the app. The parking zone number can be recognized (gps) or manually entered. Parking costs are only calculated on the actual parking time used.
  - Tickets, cinema  
Tickets for attractions or cinemas can be ordered and paid from within the app. The ticket is downloaded in the app and can be shown as QR code to enter.
  - Vouchers and coupons  
Coupons are entered by the retailer using different campaigning options.
- Cashless payments
    - Contactless payments using NFC tokens (stickers, bracelets, key chains, cards) or initiated by QR code. Payments are made from the integrated wallet account or connected payment methods such as creditcard and PayPal. The wallet account supports automatic top-up within user-defined limits. Payment terminals are cloud-based and can be stand-alone or linked to a cash register.
  - Person to person payments
    - The recipient must have a MyOrder wallet. The mobile number of the recipient is entered in the wallet. The amount is instantly transferred if the recipient's number and a notification text message is sent.

## Requirements for payment functions standardization

Payments such as credit transfers, direct debits and card transactions are highly standardized and the messages and data are well defined through standards as ISO 20022 and ISO 8583. Any financial message exchange between parties should be based on these existing standards.

Related business rules are scheme-driven, such as through SWIFT, EPC rulebooks, card schemes such as Amex, MasterCard and Visa but also iDEAL and PayPal. Legislation is implemented in the business rules by the payment schemes.

Financial institutions offering payment services will be a member of one or more schemes and take financial positions in each scheme through clearing and settlement procedures. The rights and obligations between the parties are managed through the specific scheme rules and organization. Each scheme may have its own implementation of specific standards.

Clearing between payment accounts and / or related wallet accounts can be done through different existing payment schemes. Establishing new schemes may be done, but will depend on its own business case.

Financial institutions offering wallets may publish APIs for interaction on the different use cases. These APIs do require further standardization. Also, the functional elements of a wallet such as user authentication and data storage need to be standardized and certified. An example can be found in the PCI standards for payment applications and terminals.

## Benefits and challenges

The benefits for Rabobank as a Financial Institution and its customers are:

- Enhancing the existing payment experience for physical retail, internet and mobile commerce by simplifying the buying process
- Creating new business opportunities with value added applications
- Enhancing the reach of existing solutions by applying open API interfaces
- Creating new markets by opening up networks using standardized technology

Major dependencies are to be found in the development of standards, certified applications (such as PCI), secure environments and the acceptance of these standards by existing parties and networks.

A risk is the fact that existing parties will want to exploit their investments in specific technology and may apply specific standards and value added services as a lock-in mechanism. Adding new standards should enable these parties to further grow their business as well as to allow new parties to enter the market.