Merchant/Retailer Stakeholder Priorities

W3C Web Payments IG

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Merchant/Consumer Environment - Mobile

Situation review

What the consumer is thinking…

- I already have too many apps!
- What's in it for me?
- I AM interested in improving my life!
- You will need to keep impressing me!

How much is that?

Bob's Convenience
123 Anystreet
Anytown, USA

Date:		6/3/2014		
Time:		9:00 AM		

SALE:

Fuel		13.9 G	$	48.08
Cig	Marlboro Red		$	8.00
		Tax:	$	0.64
		Total:	$	56.72

TENDERS:

Cash	$.05/gal discount	$	56.03
XYZ Visa	2% cash back	$	55.59
AMEX	560 points	$	56.15
Google Play	3% account credit	$	55.02
Bitcoin	@ your cost basis	$	52.75
Groc. Rwds	$8 balance	$	48.72
Facebook	4% account credit	$	54.45
Discover	5% CB Deal, $30 open	$	55.22
GasBuddy	Online purchase 1.5%	$	56.00

easy
STAPLES

NACS
Est. 1961

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What merchants are thinking…

- Own the customer!
- Build your brand
- Sell more stuff
- Reduce cost of payments

Petroleum/Convenience

Business Case Study

Petro History – Loyalty/Payment

AMOCO CREDIT CARDS GOOD IN 44 STATES!

Petro Today - Flash Foods

2005 – Centralized

Magnetic Stripe Card Loyalty.

2008 – Loyalty

with custom ACH payment
program.

2014 – "Go Blue" Goes Mobile!

- *payment, rewards, offers, and fuel price information*

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Merchant Needs

- Promotions for
  - product brands, individual products, product categories
  - individual merchants
  - payment service providers
  - payment schemes

- Digital wallet applications need to be able to ask the following questions of any specific payment instrument or promotion:
  - Can it be applied to this purchase (i.e. items match promotion)?
  - Can it be applied to this purchase along with other selected payment instruments (including EBT)?
  - Does any selectable payment instrument affect taxes (and the total owed)?
  - What is the total savings associated with using an instrument?
  - Is the instrument NOT allowed for any item in the transaction?

Additional merchant feedback

Requirements

Merchant hot-topics

- New payments technology must:
  - Reduce costs
  - Improve Security
  - Enhance the Customer relationship
  - Reduce Merchant Liability

Reduce Costs

Improve Security

- Should support 3DS channels that exist today (bank to consumer line of communication)

- Should support customer being prompted for PIN entry (Acculynk solution), or other one-time password solutions

- Should allow merchants to continue to drive their own analytics on the transaction to decide a pass or fail or manual review outcome

- Should allow either merchants or 3rd parties to offer tokenization or page encryption solutions

Customer relationship

- Merchants need to know who is transacting with them, it is important for a customer to not be entirely confidential when transacting with a merchant, this prevents merchants from offering a better experience to those customers

- All of the payment methods that a customer wants to use at a merchant should continue to work with the merchants who have made the business decision to accept those specific tender options

- Merchants need to be able to provide customers offers in advance of a shopping experience or during the checkout process depending on various criteria (merchandise selected, offer codes and tender types)

- Customers should be able to transact online using EBT/SNAP accounts

Reduce Fraud

- Payment Fraud
  - Stolen credit card used to purchase merchandise both digital and physical
  - Encompasses both friendly and hostile fraud from organized crime rings
- Account Takeover
  - Credentials are in the wild and are used to login to customer accounts
  - Purchases are made with saved payments or stolen payments of a third party are used
- Gift Card Fraud
  - Money laundering schemes
  - Stolen from ATO scenario above when saved in accounts
- Returns/Refunds Fraud
  - Claims of non-receipt/damaged across multiple accounts and profiles
  - Parts or components stripped from returned merchandise
- Sleeper Accounts
  - Scripted account creation for later use in payment fraud

Proposed updates to Use Cases

Needed to support requirements

General Description

- Treat coupons and loyalty as first-class payment instruments.

- Provide standardized information from payment instruments so that "wallet" can determine "best deal."*

- Support multiple payment instruments per transaction.

- Allow definition and maybe negotiation of consumer information available to the merchant.

- Need to standardize
  - Matching products to payment instruments
  - Determining taxability based on products and payment instruments

* See "application of marketing elements" for the starting point.

Some specific recommendations

- Section 3.1 - Negotiation of Payment Terms
  - [change] Agreement on Terms. The payer and the payee agree to what will be purchased, for how much, in what currency, which payment schemes (including loyalty programs and coupons) are acceptable, etc.
  - [add] Section to allow designation of level of customer information allowed (it might change the payment negotiation).

- Section 6.1.1 – Discovery of Offer
  - [add] Case for multiple instruments.
  - [add] Case for taxes.
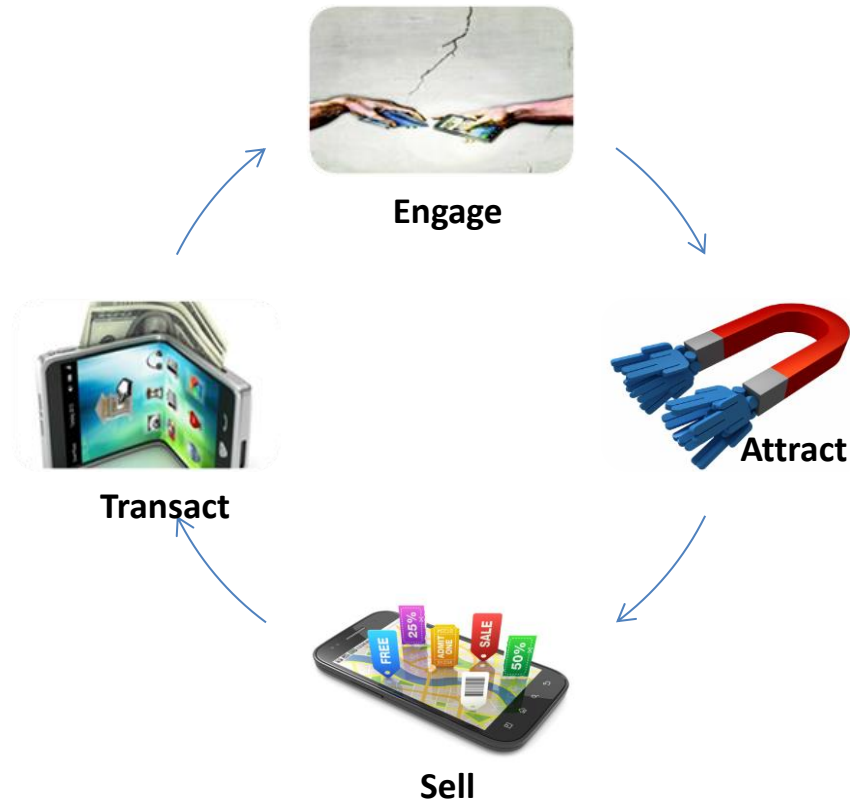 - [add] Case for coupons and loyalty to act as instruments.

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Thanks

Backup

The New Rules of Convenience Commerce

Engage

Transact

Attract

Sell

- Engagement is more than location/brand
- Attraction has deeper reach & meaning
- Selling will be "in the moment"
- Transacting will become more complex, consumer-centric & safer

Customer information wish-list

- Would like to know:
  - customer name
  - address
  - phone number
  - shipping information
  - billing information
  - userid/pw to site
  - payment type
  - account number
  - exp date
  - associated discount card

What's coming next?

- What's a legal purchase?
- What's a legal offer?
- How do taxes work?