



**An innovative single market for the euro**

**ECB Conference – May 6/7, 2019**

The mobile payment scheme

The Way We Pay

# No single pan-European solution does exist today!



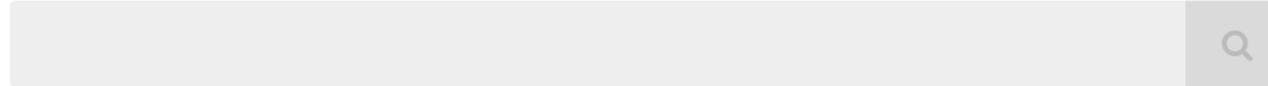
Europe has its own currency...



...but no European rules for cashless payments!



...Europeans love to use these providers ...!

**Media**

- + Press releases
- + Governing Council decisions
- + Press conferences
- + Monetary policy accounts

**– Speeches****– By date**

2019

**2018**

2017 - 1999

1998 (EMI/ECB)

1997 (EMI)

## Strengthening the European financial industry amid disruptive global challenges

**Speech by Yves Mersch, Member of the Executive Board of the ECB, at the European Institute of Financial Regulation (EIFR), Paris, 3 September 2018**

Europe's financial industry still faces a number of challenges. Its continued weak performance, with low price-to-book ratios and meagre profitability, is ample proof of that.

Some of those challenges – such as high levels of legacy assets, the need for deleveraging and the burden of stricter regulation – are a result of the financial crisis. But even before the financial crisis, the industry was facing pressure on various fronts, and those challenges are still there. In particular, fundamental technological change continues to call established business models into question.

Today, I will focus on disruptive challenges that are arising in a particular area of business: digital technology. Such technology is becoming ever more important in

### Speaking engagements

[Request form](#)[Guiding principles](#)



# Our Vision

## The Mobile Payment Scheme in Europe

- ✓ Seamless, Simple, Secure and cost effective payment process, directly from checking account
- ✓ Includes value-added services, ie loyalty programs
- ✓ Data, customer journey and revenues stay with the banks and the merchant
- ✓ Cross-border scheme by European standards

## Token

A one-time unique 20 digit token triggers each payment directly from a users bank account (no cards involved).

## Secure

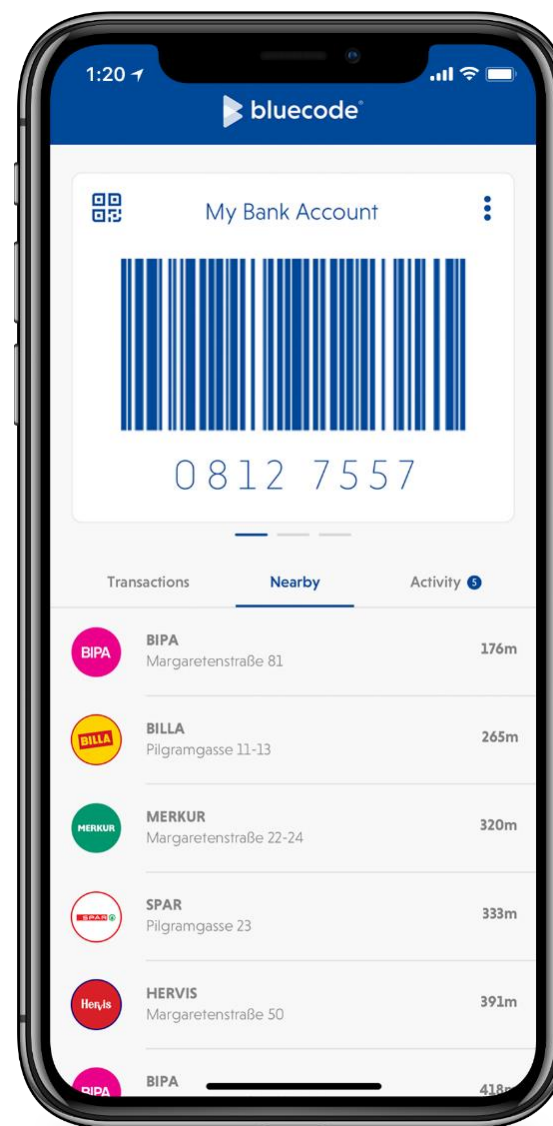
Transactions without user names and account numbers, enables security by design. No personal data means no PCI constraints.

## Flexible

Blue Code is an SDK so it can be built into (banking) apps. Merchants connect via cash registers, and vending machines with our BLE module.

## Powerful

Blue Code can do Android & iOS, any transmission technology (**Scan**, **Bluetooth**, **NFC**), and is omni-channel.



**MORE VIDEOS**

e.g. M-Com



One code. Many possibilities. Bluecode can use many channels.



POS



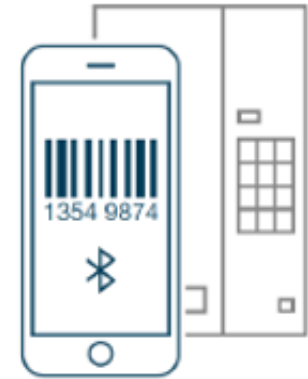
Smart-POS



E-Commerce



M-Commerce



Vending

And Bluecode enables any payment process –

- ✓ Scheme (Bluecode)
- ✓ Scheme (Third Party) eg. Alipay
- ✓ SCT Inst

# Ranking the convenience of ,payment in shops‘



## Overall Result ,paying in the shop‘

| Rank | Company            | Points |
|------|--------------------|--------|
| 1    | Bluecode           | 73,3   |
| 2    | Apple Pay          | 71,8   |
| 3    | Google Pay         | 69,3   |
|      | Industry (Average) | 71,5   |

Key finding of the Study:  
„In the category, Payment in shops  
Bluecode is rated best → better than Apple  
Pay and Google Pay.“

## Local Pilot AUT 2014



1  
Merchant



1 Bank

Blue Code starts with a local pilot started with one bank and one merchant ...

## National Rollout Scheme AUT & GER 2015-2016 2017



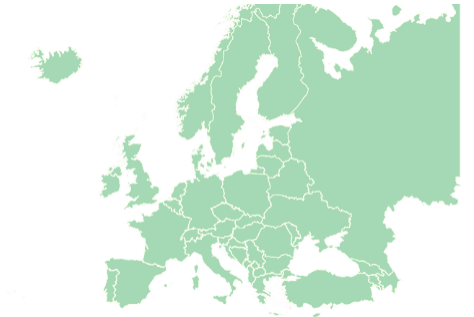
Within one year Blue Code is accepted at 85% of all food retailers in Austria. 18'000 POS.



Blue Code becomes the official and exclusive mobile payment provider at the Oktoberfest.

- Issuer Contracts
- Acquirer Contracts
- App Integrations

## Scheme EU 2018-



- Bluecode wins awards
- Temenos Innovation Jam
  - Usability Award Mücke&Sturm
  - Payment Exchange Berlin
- More than 100 Scheme Members

Internationalization ongoing in Spain, France, Hungary, Denmark





# Bluecode<sup>Inst</sup>

Bluecode enabled instant payments proposition

## Provider-led Pull Payments

Merchant initiated, traditional-style 4party systems

### Advantages

- All communication through one channel.
- Existing and well proven logic
- Worrieless POS because of provider services, ie. Refunds, rollback, failover handling, reporting, etc

### Downsides

- Credit risk, offset by costly guarantee mechanisms -> high disagios, chargeback cost
- Expensive infrastructure (terminals)
- Reconciliation cost

## Bluecode<sup>Inst</sup>

Combining the strenghts of centralized authorization and instant push and avoid the downsides of both

## Instant Push Payments

Consumer initiated systems

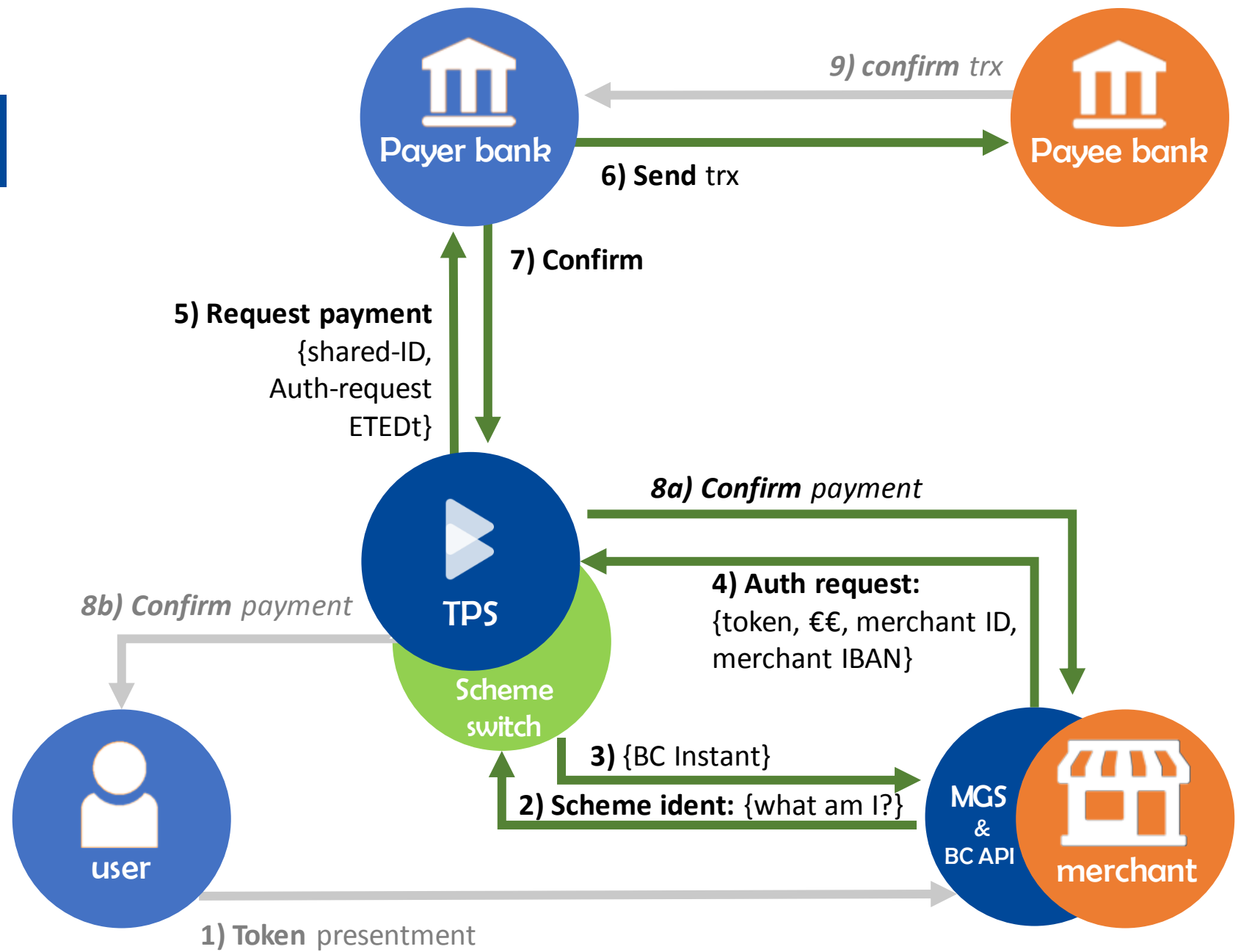
### Advantages

- Irreversible, immediate payments.
- No credit nor chargeback risk, no intermediaries.
- PSD2 forces banks to cover transaction costs without recovery possibility

### Downsides

- Complicated to initiate the transfer@POS for user. Merchant needs to retrieve and route incoming payments to the right open tills within very short time.
- Entering bank's SCA (user+PIN+TAN) at POS will not be accepted by users.
- Doesn't work if any side is not on instant
- Doesn't incentivice innovation or infrastructure investment as it doesn't reward the value chain

# SCT Inst



Merchant data:  
a) traditional: Acquirer info  
b) SCT: \_\_\_\_\_ IBAN, purpose

# ECB Hackathon



... showcasing the process on SCT Inst eg.

✓ Debiting user account at



✓ Crediting merchant account at





Questions?  
Feel free to ask!  
Thank You!

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