

Profit Card

June 2022

Account-to-account payments

TOKEN

Account-to-account payments
will achieve 20% of all eCommerce
— and surpass the use of cards.



A megatrend in global payments...

Market penetration will reach
10% of all payments over
the next five years."

WORLDLINE 



Open Banking payments will
exceed **USD 116 billion** by 2026... a
2800% increase in five years, with
Europe accounting for 75% of the
total in five years.

JUNIPER
RESEARCH

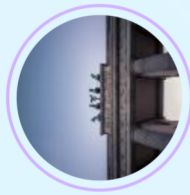
TOKEN

Sources: Worldline Futuring Payments magazine 4 ed., Juniper Research Open banking: Key Opportunities 2021–2026 report, Worldpay 2020 Global payments report.

TOKEN

Token is an open banking payment platform driving the shift from traditional methods to bank payments.

OPERATIONS IN



BERLIN



LONDON



SAN FRANCISCO

REGULATED BY



Broadest European connectivity.
One API and interface.

Complete toolkit for enterprise payment providers.

Total EEA market includes over 250m potential end users of Open Payments services.

3. Source: World Bank, ECB Eurostat.
Note: (1) Labour force figures used as a proxy for customer figures.

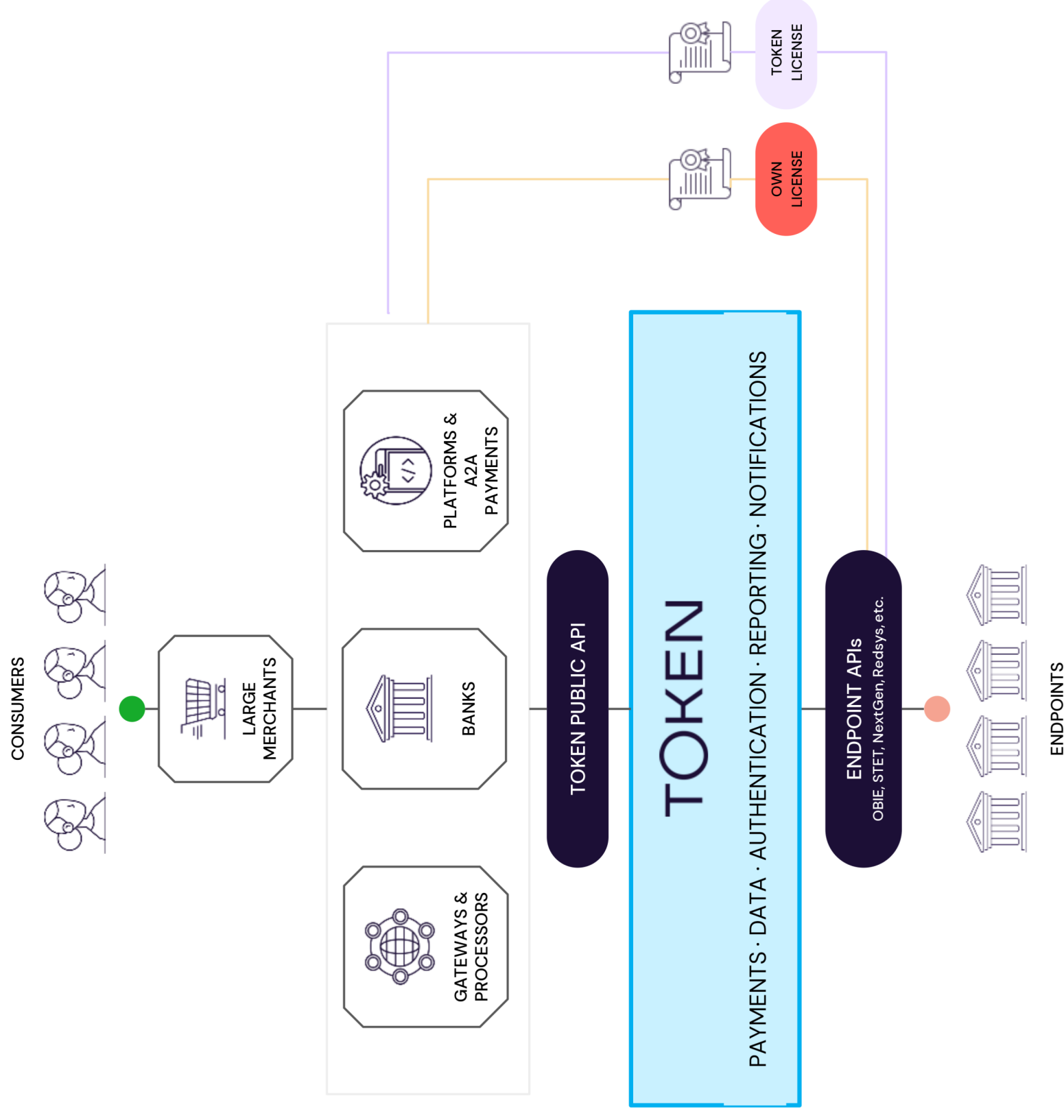
TOKEN

Token is at the center of the Open Banking Ecosystem

Token is a leading provider of connectivity and payment initiation infrastructure.

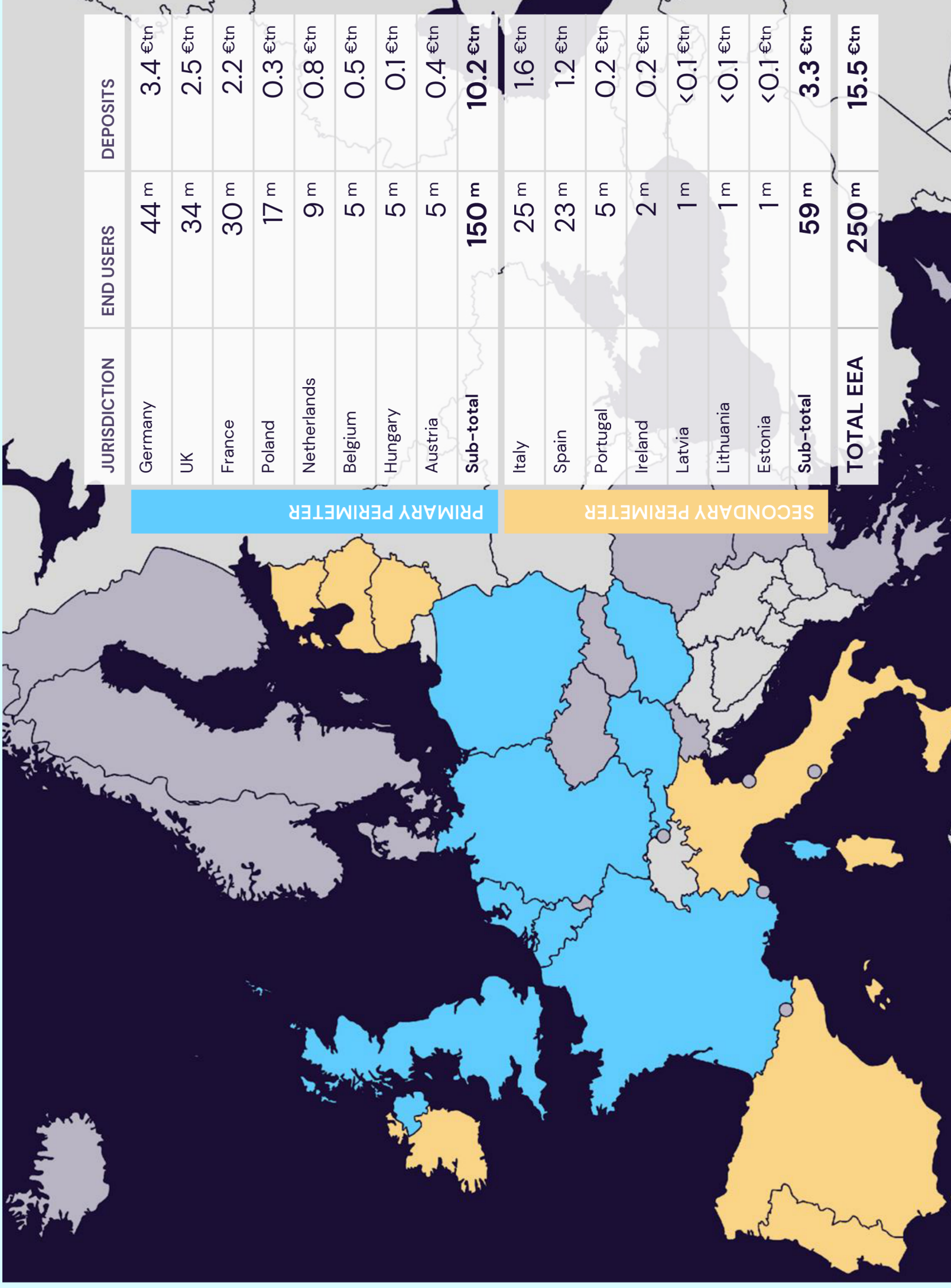
Token provides a **single, unified API platform** which is Java and microservices based and is hosted on AWS Frankfurt. **All data is processed and kept in Europe.** The platform and Token have been certified and re-certified both for **ISO 27001:2017** and **PCI DSS 3.2.1**

Token is the leading interface for pan-European bank access to initiate open banking enabled payments and access aggregated account and transaction data.



Enterprise clients require pan-European PSD2 connectivity.

Token provides coverage of 80% of all accounts in Europe



Token is the key infrastructure provider driving volumes in the UK and Europe.

>15M

ANNUALISED
TRANSACTIONS

€7B

ANNUALISED
TXN VALUE

>20%

OF ALL UK VOLUME

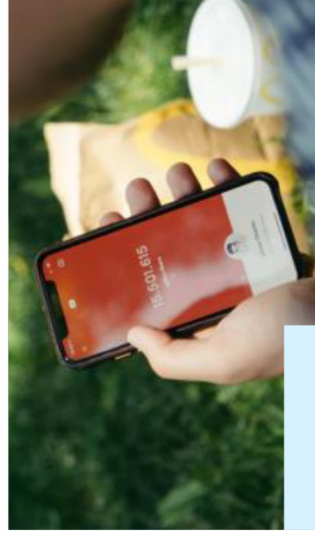
€45M

ESTIMATED SAVINGS
FOR END MERCHANTS

TOKEN

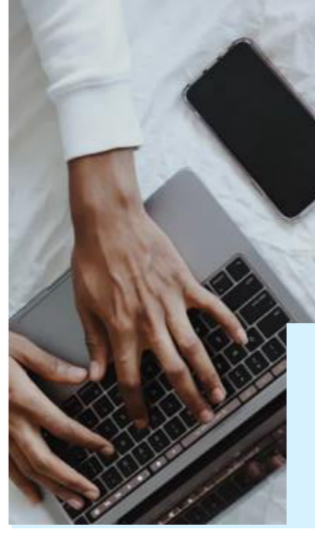
Fast growing use cases

The fintech revolution is fueling the growth of a number of Open Payments use cases with immediate, rapid user adoption trends.



Funding an account

Funding challenger bank, stock trading or crypto wallets



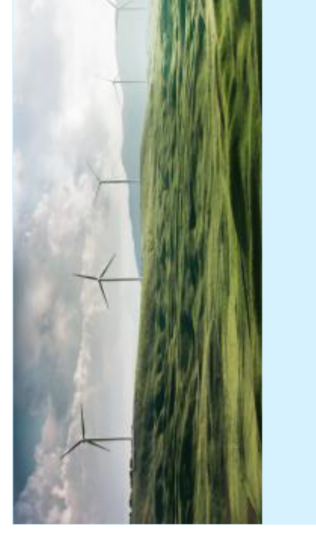
Ecommerce payments

Online and mobile checkout initiated payments



Debt repayment

Card and loan debt repayments

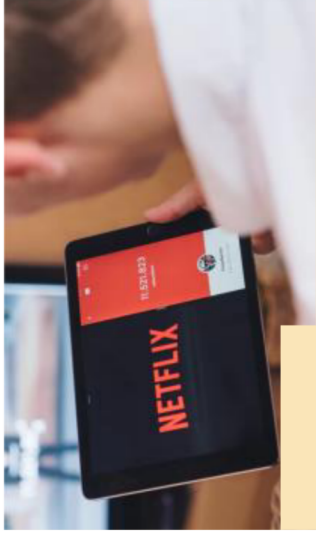


Paying a bill

Paying direct billers, like utility companies

Emerging use cases

Innovative open payments use cases are evolving to meet market demands — and in line with regulatory and technology advancements.



Subscription

Variable recurring (A2A) payments to capture share of current card on file & direct debit.



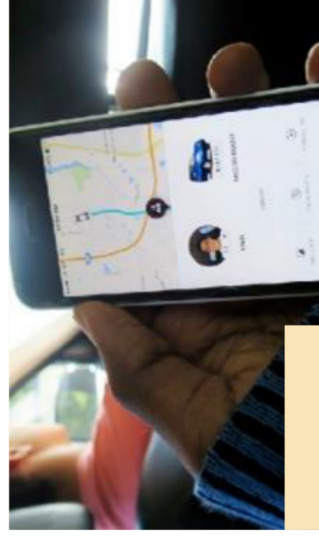
Sweeping

Rule-based “me-to-me” open banking payments for automating savings, maximising interest, repaying debt, etc.



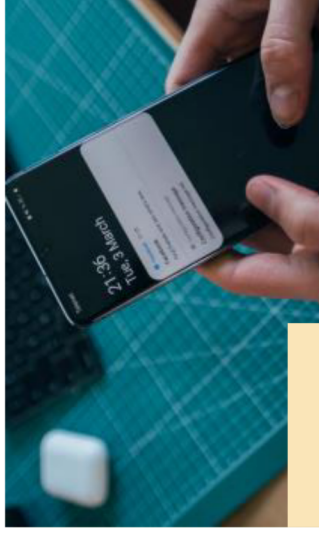
Installment

A2A payments to capture share of card-based BNPL loans (rules-based variable recurring payments).



Pull

Merchant initiated automatic charges.



Request to pay

Merchant initiated digital request for manual payments.



In-store payments

Physical POS terminal initiated payments



User Experience

UK

- App-to-app authentication
- Biometric - no data entry
- Faster, easier than card & 3DS

EEA

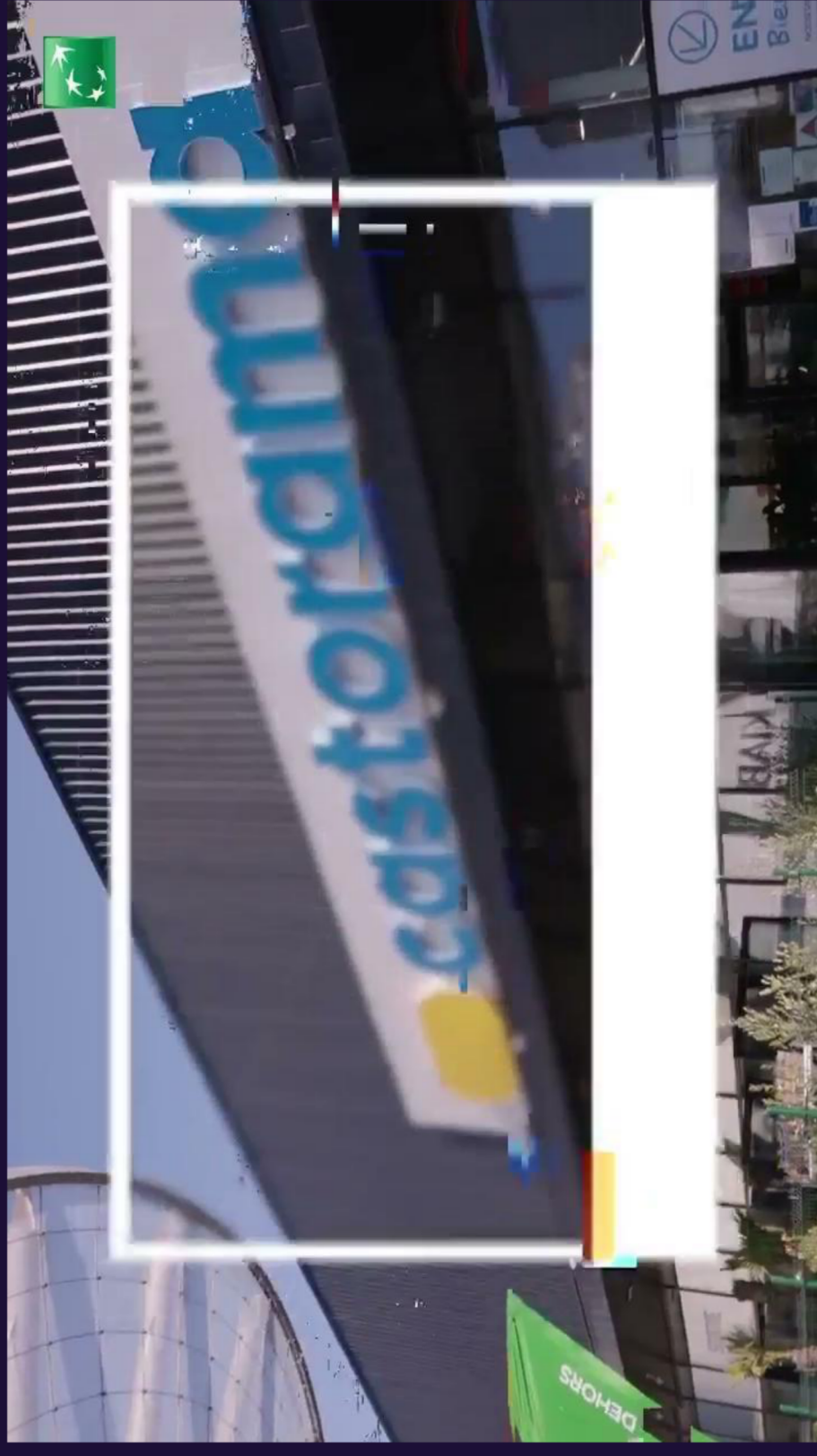
- Redirect authentication
- IBAN entry to identify bank
- User ID and password
- One Time Password through SMS or hard token

...and coming to a
store near you...

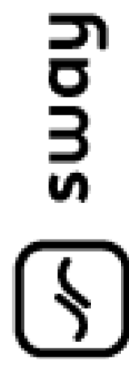


BNP PARIBAS

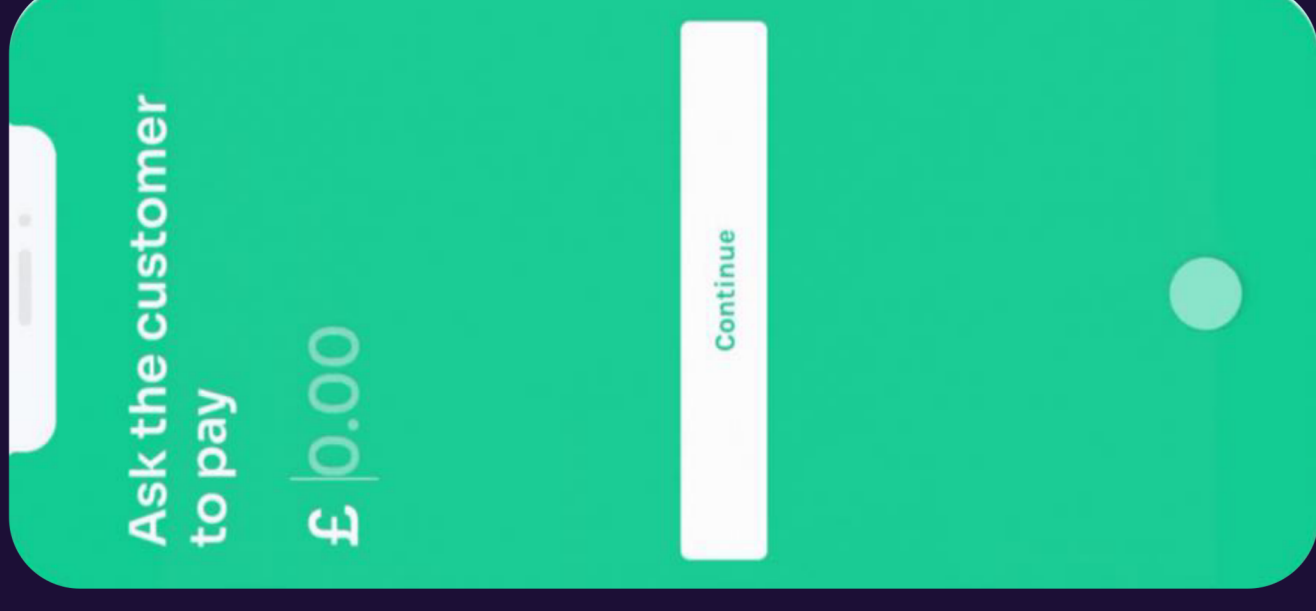
BNP Paribas' Instanea solution is
enabling A2A payments at
Kingfisher Group's' Castorama
stores across France.



...and coming to a
store near you...



Sway turns mobile phones into
A2A payment terminals to let
UK retailers' customers pay
instantly with their own bank.

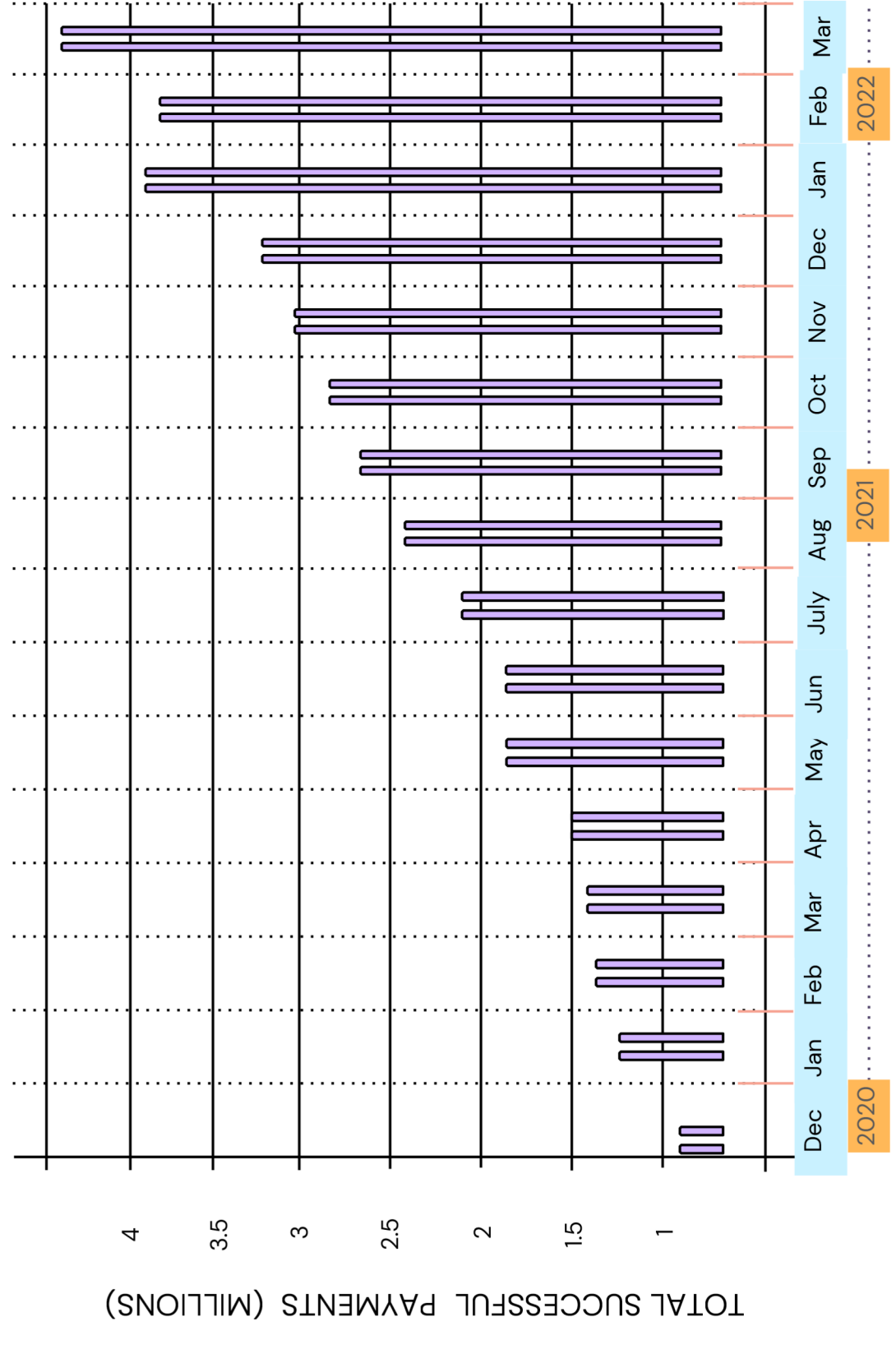


Current state of the UK market

5 million regular users of Open Banking
 985m+ API calls per month
 4.5m+ payments per month
 ↑231% payments (MAR 2020 - 2021)

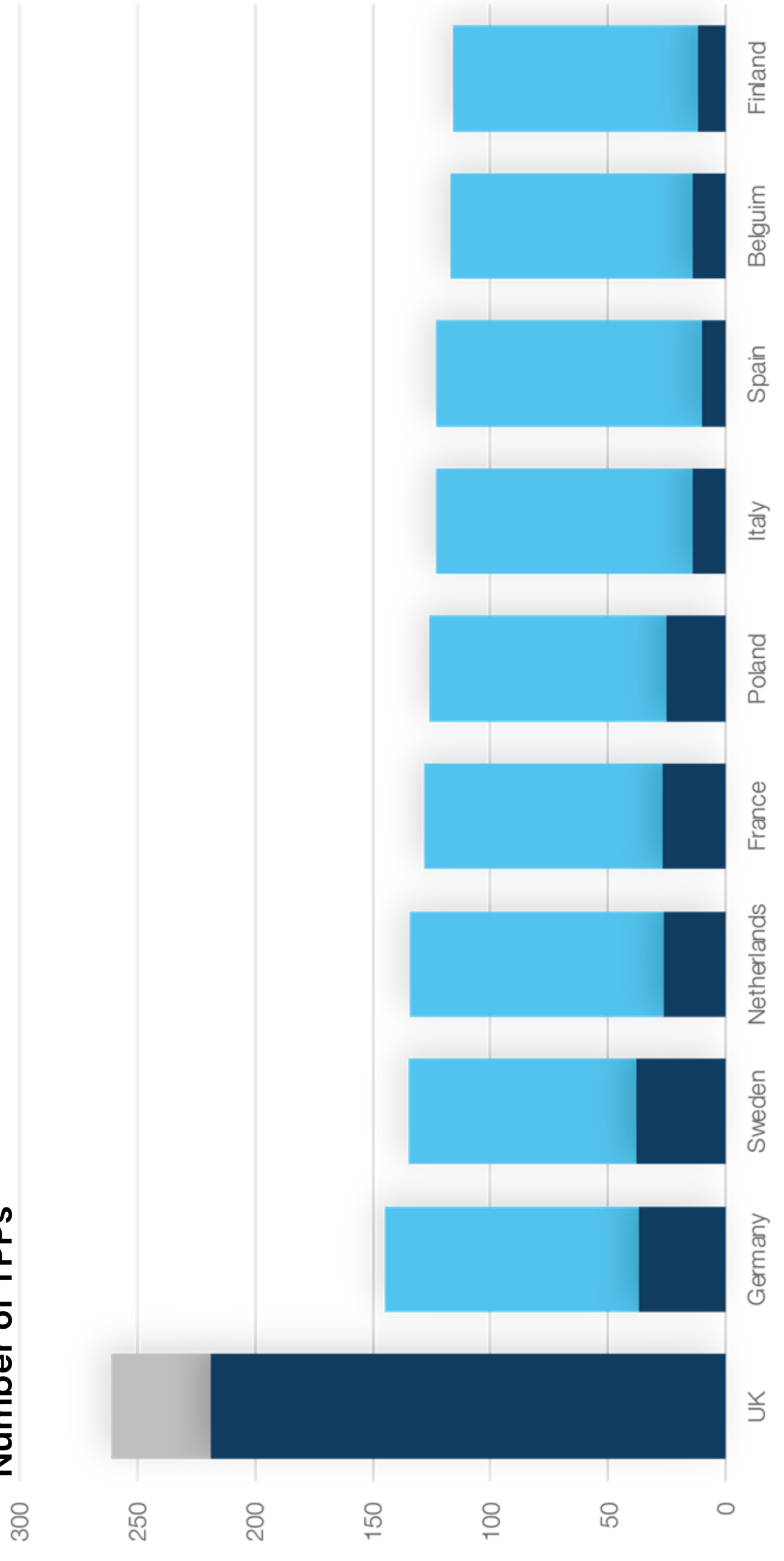
— UK⁵

Successful Payment Initiations (CMA9) – UK



4. Source: Konsentus, Q1 2022 Konsentus Third Party Provider Open Banking Tracker and the FCA's Financial Services Register
 5. Source: Open Banking Implementation Entity openbanking.org/api-performance

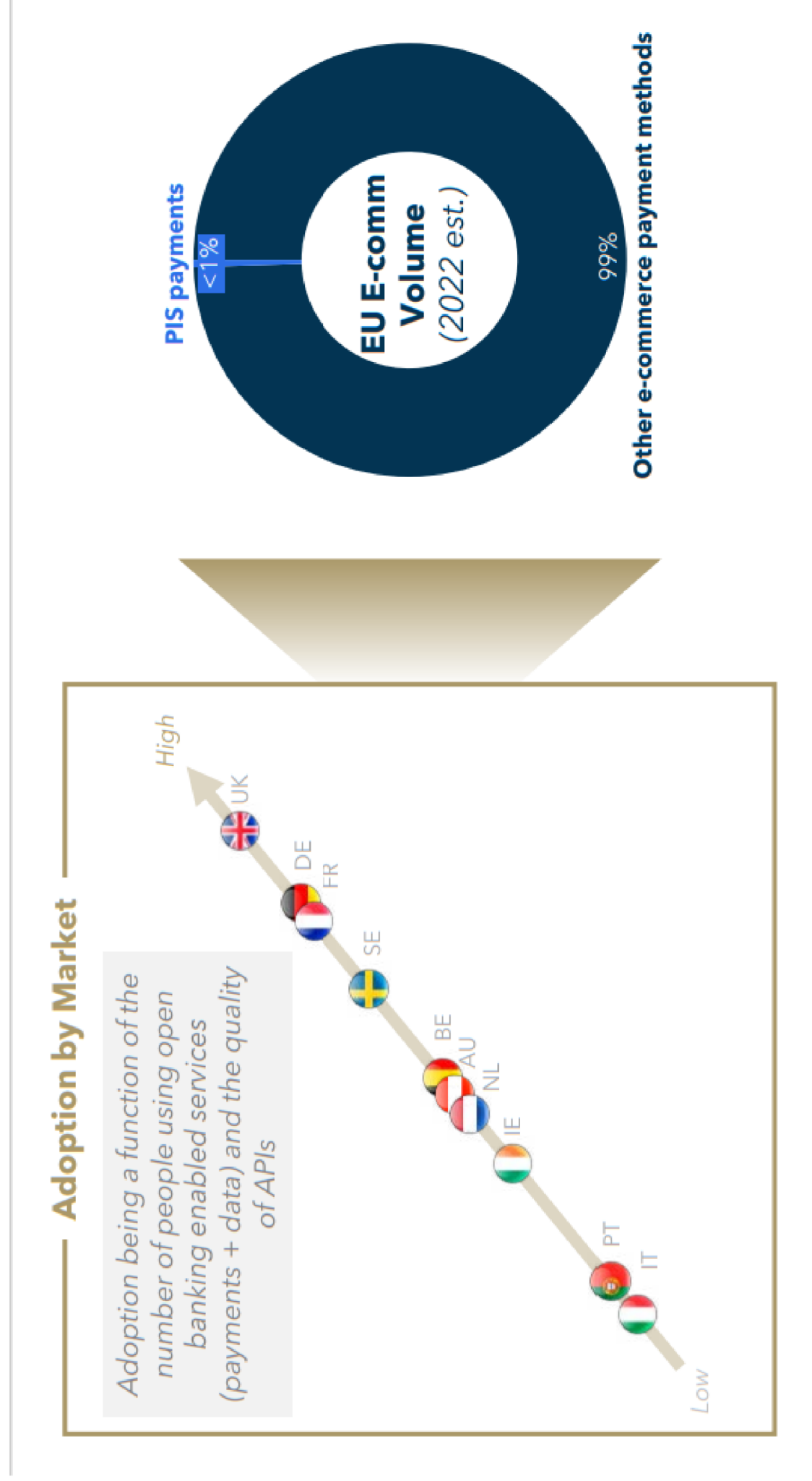
Number of TPPs



TOKEN



Source: Konsentus 1Q 2022



Source: The Paypers/Flagstaff Advisors 2022

 EU Commission to
legislate for full **EU-**
wide coverage of
instant payments.

Finextra

10 February 2022

SCOPE

- Accelerate the roll-out of instant payments in the EU
- Achieve full coverage of SEPA Instant across EU

TIMELINE

- Legislative proposal in second half of 2022



The European Payments Council (EPC) Board has accepted the Euro Retail Payments Board's (ERPB) invitation to act as Scheme Manager for a **new Single Euro Payments Area (SEPA) Payment Account Access (SPAA) scheme.**

THE | **PAYPERS**

3 February 2022

INDUSTRY GAINS

- Enabler for user experience and functionality
- Fair distribution of value and risk

ISSUES TO ADDRESS

- Risk to cost advantage
- Governance arrangements
- Standardised interface

SPAA scheme status update April 2022

Functions most required by the market:

- | | |
|--|-----|
| 1) Refunds | 71% |
| 2) Payment guarantee and Execution mechanism | 47% |
| 3) One off Payments | 40% |
| 4) Recurring Payments | 19% |

Where do members see complexity as doable:

- 1) One off payments:
- 2) Future dated payments
- 3) Recurring Payments
- 4) Refunds

SPAA scheme status update April 2022



Minimum Viable Product (MVP)?

- The aim is to deliver as part of the first release in November 2022 an MVP, which:
 - Ensures commercial incentives and benefits for all parties involved.
 - Foresees a realistic implementation timeline for asset holders.
 - Facilitates a rapid take-up of the scheme.
- The SPAA MSG is to agree on what the MVP should look like and on its proposed timeline (see next slide).

SPAA scheme status update April 2022



Proposed MVP timeline



*To be considered as a "snap shot", resulting from a preliminary assessment.

UK developments: Variable Recurring Payments (VRP) – Use Cases

Sweeping

WALLET TOP UPS

Automate wallet top ups when balances fall below a set threshold.

CREDIT CARD

REPAYMENTS

Automate credit card repayments up to a specified amount per period.

SUBSCRIPTIONS

Automate recurring account-to-account payments for subscriptions or memberships.

BILL PAYMENTS

Automate payments for bills that may vary in amount, like monthly energy or mobile bills.

INSTALLMENTS

Buy Now, Pay later with account-to-account payments.

REGULAR REPAYMENTS

Replace inflexible direct debit mandates.

ECOMMERCE

Enable a one-click payment experience for consumers.

Product planning Timelines

Token is working with OBIE on the VRP Managed Rollout (MRO) to test VRP with the CMA 9 banks

1. VRP for Sweeping

VRP platform and connectivity planning dates

- Bank 1 production testing - mid June
- other CMA9 banks - late June onwards
- MRO completion by 31 July 2022

2. VRP for non-sweeping

Same technology as for Sweeping – Contract negotiations progressing with Bank 1

Looking for Pilot customer for subscription services or ecommerce for launch in Q3

Pilot criteria

- existing subscription service using cards or direct debit – or ecommerce service
- innovative merchant from a fast moving TPP
- no high risk – no gambling/ crypto / fx etc.

TOKEN

Where we are on our journey:

- 1) build an open banking network
- 2) support regulations
- 3) drive merchant adoption
- 4) drive consumer adoption.

TOKEN

Open Banking is the largest disruption to hit financial services in a generation and will fundamentally change the payments landscape.



TOKEN