

Digital Payments

Digital Payments Overview

A New Day in Payments

Long gone are the days of paper dollar transactions – even the swipe of a card has become passé.

- In 2014, online shopping and e-commerce grew 20% and is currently valued at \$1.5 trillion worldwide – \$304.1 billion in the U.S.

Today, with more than half of U.S. consumers utilizing smartphones and tablets, these multi-functional devices have become essential to daily life. The boost in the amount of time consumers spend online, enabled by smartphones and tablets, allows consumers to research purchases, find stores and the best prices available – even completing transactions directly on their device.

- Mobile e-commerce is expected to increase 21.3% by 2017 worldwide, rising from \$1.5 trillion in 2013 to \$3.2 trillion by 2017. In the U.S., mobile e-commerce is expected to reach \$638 billion by 2018.

As the marketplace becomes flooded with digital payment and wallet options, credit union adoption of this emerging technology is crucial to growth and relevance with current and future members.

Today's consumers seek easier, simpler, more secure ways to make transactions.

Category Summary

Get Set Up for the Future of Payments

PSCU's digital payment options enable credit unions to gain access to the types of payments ideas, innovations and investments that will help with growth and relevancy. Here's how:

- **Total Member Flexibility** – *Digital wallets give your members the option of paying for purchases when and how they want.*
- **Security** – *The increased security inherent of digital wallets means less fraud for your credit union, and less fraud equates to lower expenses.*
- **Brand Presence** – *When and where transactions are made with any of PSCU's digital wallet products, your credit union name and brand are present.*
- **Member Engagement** – *With a digital wallet in hand, your members are more engaged with your credit union and more likely to take part in other credit union services and products.*
- **The Cool Factor** – *Capture the buying power of members on the cutting edge of technology, and meet the expectations of younger generations exploring your credit union for the first time.*



All the Right Tools

Digital Payments from PSCU is a set of payment solutions that include Apple Pay, Google Wallet, MasterCard's MasterPass and Visa's Visa Checkout. Here's how each keeps your members coming back for more.

- **Apple Pay** – Provides members with a mobile payment service that lets certain Apple mobile devices make secure payments using stored cards at retail and online checkout.
- **Android Pay** – Provides members with a simple and secure way to pay with their Android phone via NFC. You don't even need to open an app – simply tap and go.
- **Samsung Pay** – Provides members with a secure and easy-to-use mobile payment service which can be used to make purchases nearly everywhere through both Magnetic Secure Transmission (MST) and NFC.
- **Visa Checkout** – Provides members with a frictionless online shopping experience by storing multiple card accounts and shipping addresses, eliminating the need to re-enter at each site when checking out.
- **MasterPass** – Provides members with an online shopping experience that allows cardholders to pay with their cards – anywhere MasterPass is accepted and on any connected device – through an enhanced shopping experience that is as simple as a click, tap, or touch.
- **Google Wallet** – Provides members with a fast, easy, and free way to send money directly from their debit card, bank account, or Wallet Balance.

Security

Today's consumers seek easier, simpler, more secure ways to make transactions. Each time you hand over your credit or debit card to pay, your card number and identity are visible. Our industry needed a standard in order for digital payments to work securely.

- 51% of consumers abandoned their shopping carts because they were uncomfortable about giving their financial details.
- 47% thought the checkout process took too long.
- 41% thought the credit card information entry was too difficult.

Tokenization brings the much needed additional security and certification of this payment method in partnership with established industry players like Visa, MasterCard and American Express.

So, what exactly is tokenization?

Tokenization is the process of replacing a card's primary account number (PAN) with a unique alternate card number, or "token." Tokens can be used for mobile point-of-sale transactions or in-app purchases. A token is a numeric value that acts as a substitute for a PAN, enabling each eligible device to have a unique token. Tokenization leverages existing payments infrastructure and messaging formats for cardholder identification and verification and provisioning.

Tokenization also provides EMV-like security for payments on connected devices and can reduce fraud related to digital payments by making transactions more secure by masking the cardholder's card number with a token and including a dynamic component with each transaction. It also takes the security of a physical EMV chip and applies it to non-card environments, including proximity, mobile, and internet payments. (Fig. 1)

Step Forward into Growth and Safety

The saying usually goes that you can step forward into growth or back into safety. Only with digital wallets do you get the unique opportunity to attain both growth and safety with one step forward.

By aligning with industry leaders, PSCU helps you navigate through the digital payments space, and even recommends the best offers for your members. Our skilled Implementations Team is here to ensure a smooth set-up process and consolidated approach to getting you in on the digital payments revolution.

Your one-stop-shop for digital wallets, we meticulously manage the enrollment process with each wallet vendor, and serve as true partners invested in your success. We even offer educational sessions on digital payments trends and assist with member adoption for your particular credit union.

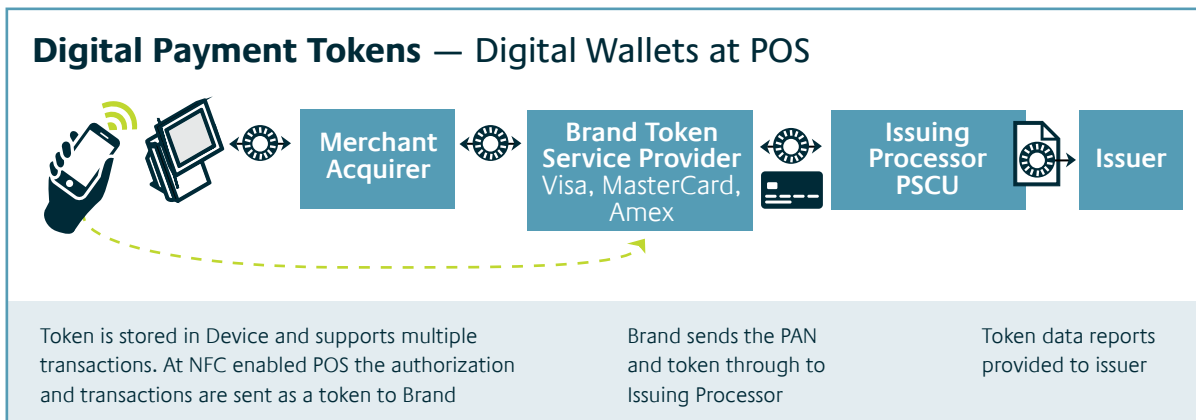


Fig. 1

Digital Payments

Living Up to Our Promise

“We promise to be a bold, innovative payments leader that empowers our credit unions to compete and prosper.”

PSCU’s 36-year heritage is leveraging the cooperative model to better serve credit union members through collective scale and buying power. On behalf of our Member-Owners, we built relationships with world class partners and now serve over 16.5 million credit union members. Our high-touch account management and service model ensures that feedback and responsiveness is incorporated into all our product offerings as well as day to day operations. We deliver on our brand promise through **MōPRO** (Member Owner Payment Revenue Optimization), a broad set of innovative payment solutions focused on credit union key performance indicators.

