



## Headlines

### Cash-back – Reinventing a financial tool

- **UNITED STATES** - Crédit Karma gives cash-back randomly
- **AUSTRALIA** - Virgin Money Australia combines loyalty and savings in its cash-back program
- **UNITED KINGDOM** - Curve and Cardlytics partner on Reward programs
- **UNITED STATES** - Google Pay uses its glocalization service to offer good deals

Cash-back has long been one of the most popular ways for consumers to redeem their loyalty programs. If cash-back has had mixed success in some cases, it is because it is often unattractive, particularly for younger customers. Based on this observation, players such as Credit Karma or Virgin Money have tried to reinvent it in a playful way. Indeed, gamification is one of the strong levers to attract young customers. Credit Karma's approach is to reimburse the full amount of its customers' purchases by drawing lots in the form of a lottery. Virgin Money, on the other hand, backs up its cash-back offer with a financial coaching program designed to help young people boost their savings.

Cashback is also a promise of more consumption and loyalty. With the rise of mobile payment, these solutions are targeting consumers to support the recovery. Curve is launching its own cashback program in partnership with Cardlytics, a company specialized in transactional data analysis, to provide targeted offers to its customers. While Google proposes an opt-in in its wallet to use geolocation to suggest good deals.

### Competition - Laying the fundamentals to ensure a balance of power

- **FRANCE** – L'ACPR rétablit la juste mesure de la concurrence dans le domaine du paiement
- **GERMANY** – N26 under scrutiny by Bafin for lack of compliance
- **EUROPEAN UNION** – The wrestle between the commission and Apple about NFC
- **FRANCE/UNITED STATES** – FinTech should not use the name neo-banking anymore

While the financing of Fintechs is not slowing down, the banking sector is seeing the threat of new entrants shift to the American and Chinese digital heavyweights that are known as Big Tech. The ACPR, the French competition regulator, has produced a report on the state of competition in the payment ecosystem that foreshadows the EU strategy to preserve its autonomy. Its main concerns are directed to the "strengthening of the market power" of these large platforms and the "locking of consumers into an ecosystem", which could generate competitive risks in the financial sector. The traditional banking might remain stuck in activities involving significant fixed costs (regulatory charges, physical network, payment infrastructures), while being marginalized in the value distribution chain.

Nevertheless, the interests of greater competition and security for users cannot always be defended in tandem. The French regulator, recently penalized young payment institutions by asking them to stop presenting themselves as "neo-banks" to protect users.

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## A word on...

### Player's Strategy

- **UNITED STATES** - The American online payment giant **PayPal** has once again confirmed its excellent financial health. After publishing a historic financial balance sheet for the 3rd quarter of 2020, PayPal is breaking new records in the first quarter of 2021, with more than \$6 billion in revenue between January and March 2021, up 29% in one year. This is the best first quarter in its history. This increase represents some \$285 billion in transactions on PayPal's platforms during this quarter, 50% more than a year ago. These results have prompted PayPal to raise its targets; the company is now looking for 19% revenue growth over 2021. PayPal's business has obviously also benefited from the effects of containment and increased online consumption to gain new customers.
- **FRANCE** - French FinTech **Lyf**, controlled by Crédit Mutuel, BNP Paribas, Auchan, Casino, Mastercard and Oney, has just announced that it has received a new approval for **Lyf Pay** to operate as a "Payment Wallet," an approval issued by the CB Bankcard Group. This approval attests to the compliance of the digital payment solution with the functional and security requirements of the CB system, as well as compliance with the security rules for digital payment transactions imposed by the PSD2. Lyf Pay is the first approved wallet on the French market. This new approval should allow Lyf to continue to diversify its offer. Lyf Pay has been offering a split payment option since 2019 and recently launched a solution dedicated to restaurant owners to help them adapt to the health crisis.
- **GERMANY** - BaFin, the German financial market supervisory authority, published a few days ago a money laundering and terrorist financing prevention order concerning **N26**. The neo-bank is forced to implement enhanced internal controls and appropriate safeguards in order to comply with anti-money laundering and anti-terrorist financing requirements. Shortcomings were indeed noted by BaFin, which appointed a commissioner in charge of monitoring the FinTech's rapid compliance. With 7 million customers, N26 has established itself as a reference among European FinTechs. A critical size that pushes regulators to more surveillance. The FinTech is also valued at \$3.6 billion since its last fundraising, despite its still significant losses (estimated at €110 million in 2020). N26 will have to ensure that it has "adequate staff and technical and organizational resources" to comply with the German anti-money laundering law, the regulator said. The decision comes two years after a first reminder. In May 2019, BaFin had raised a number of concerns about the FinTech's KYC path, including the possibility of creating an account with false information.
- In addition to N26, in France, it is also Carrefour Banque that has just been sanctioned by the ACPR for failures in the fight against money laundering and monitoring of politically exposed persons. A reprimand and a penalty of 1.5 million euros have been applied to Carrefour Banque and BNP Paribas, which held 40% of the shares in C-Zam. The problem was the C-Zam account, which did not require any proof of income or assets when opening an account. Up to 100,000 alerts of income irregularities were recorded by the ACPR.
- **UNITED STATES** - The start-up **Marqeta**, issuer of payment cards for companies, has been preparing for its IPO for almost a year. It has finally filed its application with the US Securities and Exchange Commission (SEC). Without specifying the number of shares that will be available (or their amount), this operation would represent for Marqeta a new capital raising of nearly 100 million dollars. The Covid-19 pandemic has boosted the FinTech's business. As a result, Marqeta said its total transaction volume processed increased 177 percent to \$60.1 billion in 2020, up from \$21.7 billion in 2019. The FinTech

furthermore saw its losses shrink to \$47.7 million in 2020 from \$58.2 million in 2019, a decrease of 18%. Following its IPO, Marqeta's valuation could exceed \$10 billion.

- **FRANCE - Axepta BNP Paribas**, a subsidiary of BNP Paribas Fortis, has announced its acquisition of Ingenico's card payment processing activities in Belgium and Luxembourg. This takeover specifically concerns the acquiring (card payment processing) and payment terminal activities. It covers the contracts and data of approximately 16,000 merchants. Axepta previously had 13,000 merchants and thus doubled its market coverage. Ingenico's online sales activities are not part of the transaction. The agreement is still subject to the approval of the European Commission and the National Bank of Belgium. Nevertheless, it is expected to be completed in October and will allow Axepta BNP Paribas to become the second largest payment services player in Belgium after Worldline (consolidated since its acquisition of Ingenico in 2020), which still holds a 70% market share.
- **UNITED STATES - ACI Worldwide**, one of the world's leading providers of real-time digital payment software and solutions, announced its collaboration with U.S. bank J.P. Morgan. The two American giants are now joining forces to gain market share in Europe. They are combining their expertise (an acquiring platform for **J.P. Morgan** and an encrypted, cloud-based Omni-Commerce solution for ACI) to offer their payment acceptance service to European merchants. This offering is primarily for merchants in the physical world, but also aims to meet their omni-channel acquiring needs. Both partners state that the launch of their joint offering is now aimed at supporting the recovery in the post-confinement era. With the economic recovery, merchants represent an attractive market for BtoB financial service providers. In addition to ACI Worldwide and J.P. Morgan, several players in Europe are taking advantage of this timing to expand their offerings (Square, Hello Bank! or Revolut for example).
- **INTERNATIONAL** – Worldline and Cardlink.

## Blockchain and crypto-currencies

- **UNITED STATES - Paypal**'s instant mobile payment app, Venmo, now allows its customers to buy, store and sell crypto-currencies. Bitcoin, Ethereum, Litecoin and Bitcoin Cash are all virtual currencies listed by the payment service.

Business model: no minimum amount is set; Venmo customers can start their crypto-currency investments as low as \$1; each transaction will be subject to a minimum 50-cent commission, set between 1.5 and 2.3 percent; each user will be limited to \$20,000 in crypto-currency purchases per week, and \$50,000 during each 12-month period.

**Venmo** does not limit its service to the "consumption" and management of virtual currencies, but relies on a complete support for its customers. Customers will be able to access educational videos and guides to familiarize themselves with the new crypto-asset market. An experience sharing tool will also allow Venmo members to inform their community.

Venmo's new feature, similar to the one offered by its parent company PayPal, is gradually opening up to all users of the service.

Venmo KEY FIGURES:

70 million customers in the United States

159 billion in payment volume by 2020

Revenue expected to double this year from \$450 million to \$900 million

More than 30 percent of its customers have already started buying crypto-currencies or stocks, including 20 percent who started during the pandemic, according to a Venmo study.

## E-commerce and E-payment

- **UNITED STATES** - The social network Twitter has just lifted the veil on a new feature called "Tip Jar". The idea of this new feature comes from the observation of users who transfer Paypal links in their tweets. Tip Jar is presented as a tool to facilitate donations of money to a certain category of popular members. An icon will now appear on the profiles of accounts that can receive money.

Potential beneficiaries: influencers and content creators, journalists, experts, non-profit organizations.

User journey: The feature will need to be activated for a new icon to appear on the accounts of recipients; clicking on this icon will allow other network members to choose a payment method accepted by the recipient in question, including Bandcamp, Cash App, Patreon, PayPal and Venmo; members will then be directly redirected to the selected payment platform; they will be asked to simply enter the amount of their donation before completing the transaction.

Twitter will not charge any commission on this new service. Tip Jar is limited to the pilot stage for now, and is being tested with a small group of users. The integration of payment within social networks remains a strong objective for all platforms. Facebook (in particular via WhatsApp), but also LinkedIn or TikTok have presented various initiatives in this direction. The choice to support the financing of content creators has already been made last April by Clubhouse, the very young social voice network accessible only by invitation.

- **UNITED STATES** - At the beginning of the month, **Google** announced that new functionalities had been added to its **Google Pay** payment service: good deals, payment for public transport and budget management have thus been integrated into its application. The Web giant is now adding the possibility of making money transfers. In concrete terms, Google has partnered with Western Union and Wise (formerly Transferwise), whose services can be used directly within the Google Pay application. For the moment, only transfers to India and Singapore are possible. 200 countries will be included in the list of Western Union recipients by the end of the year, 80 countries for Wise. Promotional offer: through June 16, Western Union will offer unlimited free transfers when sending money with Google Pay, and Wise will make the first transfer free for new customers on transfers up to \$500. Each year, nearly \$700 billion is sent by immigrants to friends or family back home. Most of these funds are used to pay for essential expenses such as health care, education, bills, etc.
- **UNITED STATES** - American Express U.S. Consumer Card members will now be able to book airline tickets through the payment giant's Plan It service. The service is combined with a deferred payment solution based on the Buy Now Pay Later (BNPL) model, eligible for purchases over \$100. Consumers opting for this option will be able to decide to pay for their airline ticket purchases by dividing them into monthly installments. AmEx plans to expand this service to prepaid hotel reservations on its AmexTravel.com site later this year. American Express conducted market research beforehand and is releasing the results. It found that 69% of consumers would like to book a trip when prices are low. And 54% of Millennials would like to have a BNPL function to make these reservations. Overall, 36% of consumers would like to take advantage of a more flexible payment option, such as BNPL, to pay for travel.

# Cards

## Feedback: Brex triples valuation

France

### FACTS

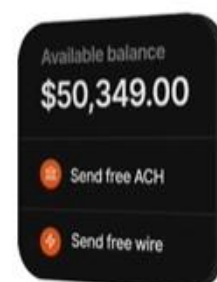
- California-based FinTech specialized in corporate credit cards for small businesses and startups, Brex has just raised another round of funding, allowing it to triple its valuation in just two years.
- Brex has just announced that it has completed a new Series D round of funding, for an amount of \$425 million.
- Led by Tiger Global, the round involved existing FinTech investors such as Y Combinator Continuity, Ribbit Capital, DST Global, Greenoaks Capital, Lone Pine Capital and IVP, as well as new funds including TCV, GIC, Baillie Gifford, Madrone Capital Partners, Durable Capital Partners LP, Valiant Capital Management and Base10.
- Brex is now valued at \$7.4 billion.
  - As a reminder, Brex's offering is composed of :
    - o a free business account
    - o a credit card with no annual fee and a cash-back offer
    - o a premium solution charged \$49 per month including an automatic invoice management and dunning tool and an automatic finance and expense management service.

### KEY FIGURES

- 2017: launch
- 95% of Brex customers reported that switching to the service was very easy
- 1,000+ new customers each month
- Brex increased its total number of customers by 80% in the first half of 2021
- SMEs now represent 45% of its customers
- 600+ employees
- Raised more than US\$940 million in total

 Brex

Credit card



## CHALLENGES

- **Reassure on the sustainability of a model:** these successive fundraisings continue to mobilize famous investors. Some of them choosing to further strengthen their commitment to the start-up, others coming to reinforce its financial support base. Brex's dynamism and innovative capacity is what attracts new investments. For example, Brex was the first fintech to offer its customers instant payouts for e-commerce.
- **Develop its offer:** Brex plans to offer a complete range of financial services in the medium term. In addition to credit cards and cash management, Brex will soon introduce an expense management and bill payment software suite to provide a packaged service offering to its customers.

## MARKET PERSPECTIVE

- This new round is following Brex's main competitor in the US market, [Ramp](#), which raised \$115 million a few weeks ago to reach a valuation of \$1.6 billion.
- In the long run, Brex, has applied for a banking license and could expand its range of financial services to include credit and deposit management.

Source : [Press release](#)

## Curve partners Cardlytics for rewards programme

United Kingdom

### FACTS

- A new partnership marks the transatlantic relationship between two recognized FinTechs: the American Cardlytics and the British Curve.
- Their partnership leads to the creation of a new cashback program accessible to the British customers of the all-in-one card provider.
- The customers will be able to take advantage of exclusive offers and discounts of up to 20% of the amount of their purchases from the hundred or so brands partnered with Cardlytics, including Prêt à Manger, JustEat, FatFace, Harvey Nichols and Cult Beauty.
- Curve Rewards is available within the app so as not to disrupt its customers' habits and to facilitate the analysis of their data.
- Cardlytics will also be leveraging its data to personalize the different offers recommended to consumers.
- Curve Rewards is based on realtime data analysis performed by Cardlytics' Artificial Intelligence technology.

### CHALLENGES

- **Supporting the economic recovery:** British consumption has increased significantly following the easing up of COVID-related lockdown measures. Spending in pubs and restaurants jumped by 215%, and weekly spending on fashion products increased by 97% according to Cardlytics' analysis of spending data from over 12 million active UK card users.
- **Accelerate the two FinTechs' crossborder strategy:** Curve is live in 31 markets across the UK and the EU and plans to launch in the United States later this year. Cardlytics, which is US based, also has offices in London, where it has long offered its services. This complementarity might bring these two actors mutual benefits.

### MARKET PERSPECTIVE

- Cardlytics' clients are mostly incumbent banks (such as Lloyds Banking Group, JP Morgan Chase, Bank of America, Wells Fargo, BBVA or Santander) and other big names in traditional financial services (Mastercard or Fiserv for example).
- Thanks to these partnerships, Cardlytics has access to present banking transaction data from over 168 million consumers in the United States.
- Curve is Cardlytics' first partner coming from the alternative financial services.





Source : [Press release](#)

## Credit Karma makes cashback random and fun

United States

### FACTS

- [Credit Karma](#) is currently working on a model that reinvents loyalty programs based on random reimbursement for spending on its cards.RKET
- The US based start-up, specialized in financial services for individuals, has been testing a new feature since February. Called [Instant Karma](#), it is now officially launched.
- The idea behind this feature is to randomly reimburse purchases made by Credit Karma's customers rather than crediting a cash-back amount to each of them based on the amount of their purchases. The amount is instantly credited to the account of the beneficiary of this "draw".
- This feature is attached to the [Credit Karma Money](#) account (combining current account, credit card and savings) launched in 2020 and specifically targeting Millennials.
- Since the launch of the Instant Karma feature, Credit Karma says it has rewarded nearly 100,000 transactions, with a total value of \$5 million.

### CHALLENGES

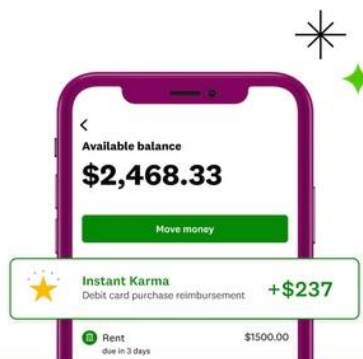
- **Renewing a traditional offer:** rather than refunding a portion of the purchases of all users of its services, Credit Karma prefers to apply the principle of the lottery to cash-back. A technique increasingly used by FinTechs to introduce a more playful notion within their offers. This is the principle on which Bella is based; with its Bella Surprise feature, the FinTech randomly refunds an amount of 5 to 200% of purchases made with its card.
- **Attracting new users:** the launch of this functionality linked to a debit card should help attract a new customer base, which has been reluctant to use a credit card until now. For business model reasons, it is mainly credit cards that allow cashback to be accumulated in the United States. Young people from genZ are particularly targeted by this offer.

### MARKET PERSPECTIVE

- After focusing extensively on the customer experience of their products, FinTechs are turning more and more to building customer loyalty, which now strongly mobilizes their capacity for innovation. Cash-back is presented in various forms: a savings tool, a [personalization](#) lever, a solution to support solidarity associations or even an investment tool in crypto-currencies.
- In China, the principle of lotteries is very popular and has contributed to the success of the payment super-app [WeChat](#), which has applied it to a no less well-known practice of transfer between individuals, the "Hongbao". More recently, the Chinese government tried a similar experiment for the launch of its digital Yuan.

## Instant Karma

You could win an Instant Karma™ purchase reimbursement when you make a debit transaction with your Credit Karma Money™ Spend account. Or an Instant Karma monthly cash boost when you make a deposit into your Credit Karma Money™ Save account.<sup>3</sup>



Source : [Techcrunch](#)

## With MyCard, CaixaBank invents a hybrid model between debit and credit cards

Spain

### FACTS

- CaixaBank has just introduced its new customer service concept called MyDreams. It is based on a redesigned consumer loan offer.
- MyDreams is aimed at the bank's 6 million customers.
- The offer is based on a foundation of three services:
  - consumer loans to finance all purchases (home renovation, electronic appliances, etc...)
  - a car rental service
  - the MyCard payment service, a fully customizable card in physical or digital format.
- MyCard thus offers several financing options for purchases:
  - deferred payment over a period of 2 to 24 months
  - payment for purchases in installments
  - an optional credit that can be taken out at any time via the CaixaBank mobile payment management application, CaixaBank Pay.
- The card is offered in physical or digital format.
- The credit offer is a pre-approved loan for a total amount of 60,000 euros for its customers depending on their risk profile and borrowing capacity.
- The offer is temporary and can be taken out until August 31.

### CHALLENGES

- Reinventing the customer experience: MyDreams is presented as the new offer of the CaixaBank group. A particularly innovative offer that combines the services of a credit card with the user experience of a debit card.
- Participating in the recovery: CaixaBank wants to help Spaniards get back on the consumption track after the sluggish period marked by the pandemic. According to CaixaBank Research estimates, consumption should grow by 10% this year in Spain.
- Consolidating its positions: MyDreams will finally enable CaixaBank to strengthen its leadership in the Spanish consumer credit sector, where it currently holds a 23% market share.

### MARKET PERSPECTIVE

- Until now, CaixaBank has relied on an affinity approach to renew its historical banking model. It had succeeded in meeting the expectations of young Spaniards with its Imagin offer, whose results were particularly positive at the beginning of the year.
- At the beginning of May, it finally copied this successful model for an opposite category of customers, by dedicating a new affinity offer to seniors.
- With MyDreams, the Spanish bank is moving away from this affinity positioning and adapting to the context of economic recovery to support the consumption of all its customers.



Source : [Presse release](#)

## Mobile services

# Google Pay adds new features

International

### FACTS

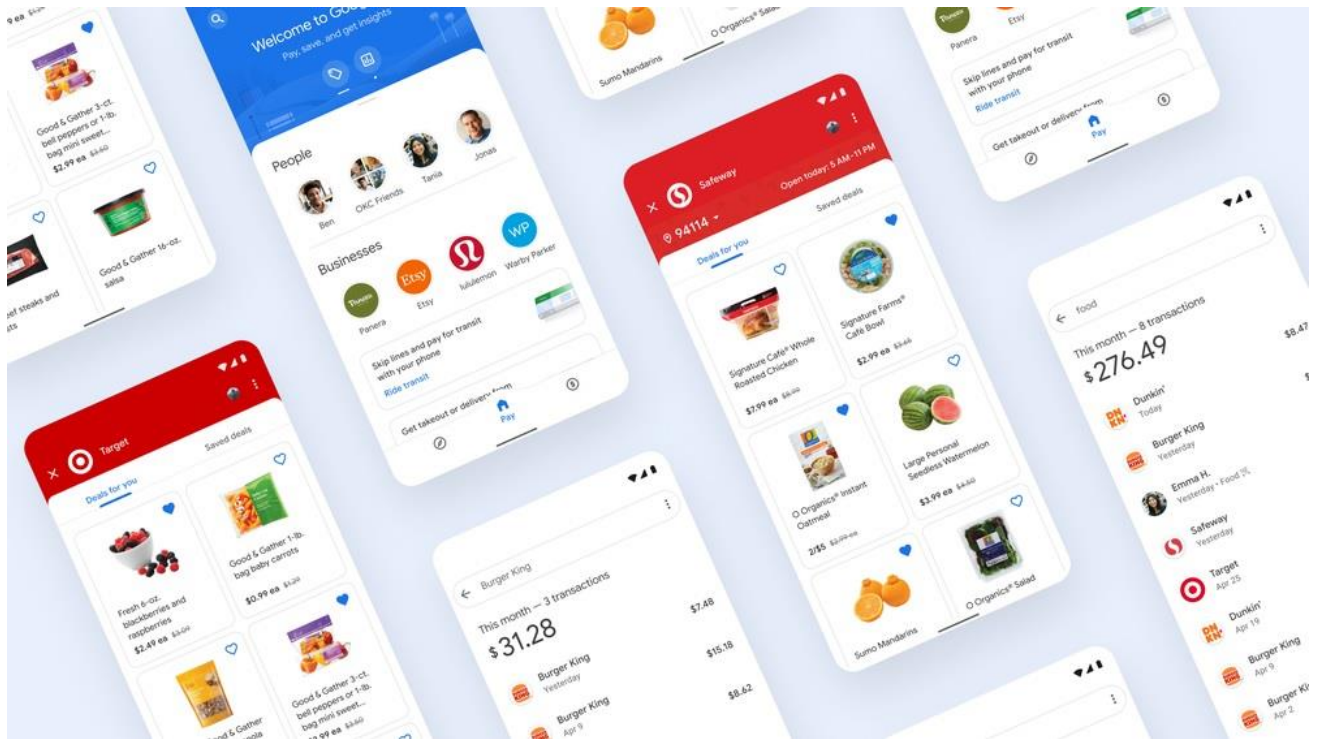
- Last November, Google unveiled a major overhaul of its Google Pay application.
- Today, the Tech giant is making a new update that brings Google Pay closer to its stated goals. It now integrates partners for loyalty offers, the possibility to store your transport tickets, and the first functionalities related to Personal Finance Management within the Plex account.
- Save money via partner offers
  - To do this, Google has partnered with Safeway and Target, to make it easier to find offers, promotions and good deals available each week in more than 500 stores in the US.
  - These offers will now be centralized within Google Pay. By enabling geolocation, users will be able to find available offers closest to their home.
- Paying for rides on public transportation
  - Google Pay already supports the purchase and use of transit pass in more than 80 cities in the United States. Chicago and San Francisco, as well as many smaller cities, will soon be added to this coverage.
  - A "Ride Transit" button will allow users to buy tickets or recharge their pass directly from the application.
- Manage your finances and better understand your expenses
  - Google Pay also takes on the appearance of an aggregator by offering an overview of its finances via the new "Insights" tab. It allows you to check your account balances, view upcoming recurring bills and payments, track your spending, search transactions by keyword and receive alerts for certain transactions.

### CHALLENGES

- **Boost the use of its wallet to retrieve data:** whether it is by allowing the purchase and storage of transport tickets, by making deals available or by providing intelligent summaries of spending, Google's objective is to encourage the use of Google Pay, which thus becomes an everyday app. This growing use will allow it to collect more data on its users and thus start a virtuous circle by enriching its value proposition of personalizing finances.

### MARKET PERSPECTIVE

- Google Pay's experimentation in India on monetizing transactional data are also materializing.
- Google is now starting to bring partners into its all-data model. Safeway and Target are the first to join the partner track around deals, but they should quickly be joined by others, across all sectors.



Source : [Press release](#)

## Startup Market Pay launches contactless payment

France

### FACTS

- Market Pay, a European and omnichannel payment platform, announces the launch of its PayWish™ contactless (NFC) payment solution, with support from Mastercard, Samsung and Dejamobile.
- The solution targets all merchants, whatever their size, large groups, but also independant workers and micro-entrepreneurs. It will allow them to accept contactless payments of any amount on their NFC-enabled Samsung smartphones or tablets and Android devices more generally.
- How does it work?
  - The merchant creates an account with Market Pay and downloads the application. The smartphone is automatically transformed into a payment terminal.
  - Customers can then pay contactless with their card, their digital wallet or any other device.
  - For any amount above €50, the customer only needs to approach jis card.
  - For an amount higher, the customer must enter its PIN code on the terminal. The customer can also pay with his smartphone.
  - The application also make it possible to send the payment receipt by email.

### CHALLENGES

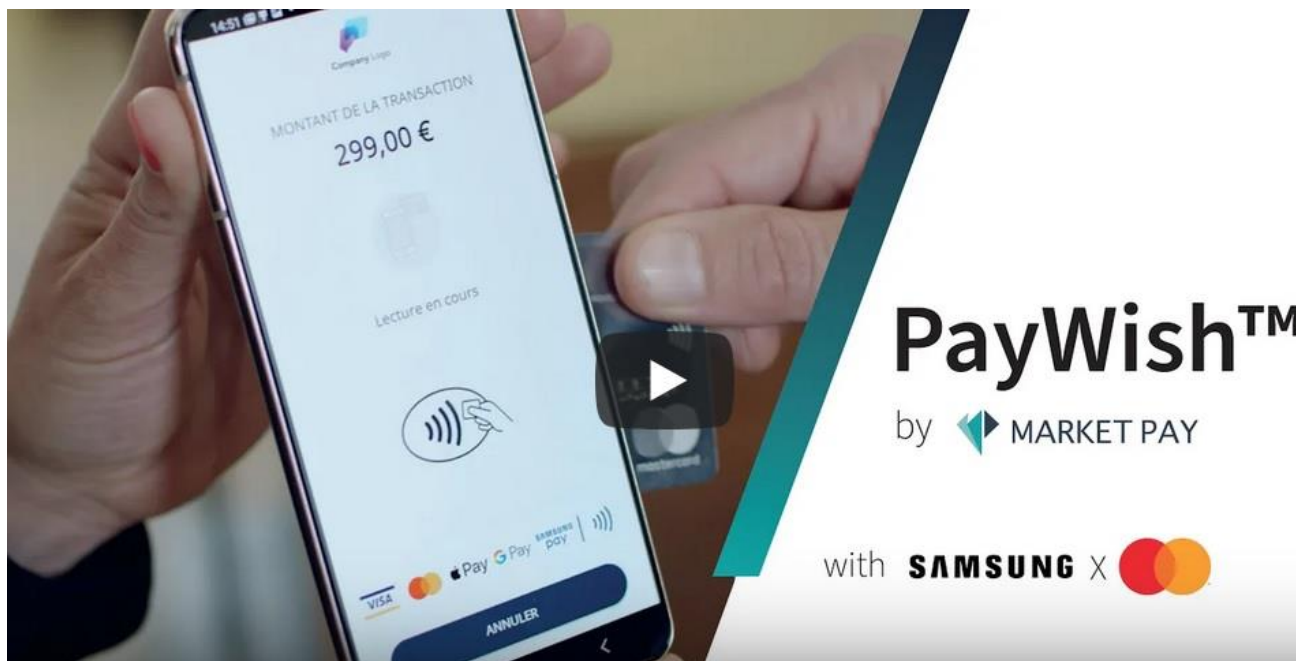
- **Support small, medium and large businesses by facilitating digital payments:** This solution facilitates mobile payment experience, whether at the point of sale or outside (home delivery, nomadic sales, VTC...). This easy-to-use solution is affordable for the merchant as it does not require any additional specific hardware, and therefore it reduces costs. The objective for Market Pay is to attract small retailers or mobile workers such as gigs or freelancers with this solution based on a single support.
- **Responding to the evolution of usage:** mobile sales experiences are democratized with the growth of click and collect, pop-up stores and sales corners, which reinforces the need to optimize the sales area. The annual growth rate of mobile payment systems is estimated to +20% until 2024. A trend that has only accelerated since the Covid crisis.

### MARKET PERSPECTIVE

- In-store, there is an opportunity to create new, even more fluid customer journeys: the merchant can guide the customer through the process of buying until the final checkout.
- The application will keep improve with additional services, such as deposit management and refunds. The development is done in collaboration with Samsung allowing to benefit from its technology to ensure an optimal customer experience and maximum security.

[Video](#)





Source : [Press release](#)

## Open Banking

# Plaid Announces New API Partnership With Railsbank

United Kingdom

### FACTS

- [Plaid](#) and banking-as-a-service platform [Railsbank](#) have announced a strategic partnership.
- This partnership aims to enable any company, or brand, in the UK to embed finance into their customer journey.
- It will allow customers to access Plaid's API to instantly collect money directly from their mobile app or their website.
- Target: Companies and brands, both within and outside the financial services industry, who are adding end-user wallets, payments, savings, credit and bank accounts to their platforms and wish to simplify the process.

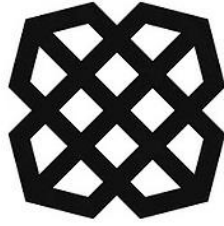
### CHALLENGES

- **Take advantage of the growing importance of the Payment initiation on the british market:** Payment initiation is presented as a solution to speed up and secure payment transactions, but also as a way to reduce the costs associated with these transactions, compared to card payments for example. According to Railsbank, British consumers are increasingly opting for payment initiation when making purchases. Usage is increasing by about 40% per month in the UK.
- **Position in a competitive market.** The open banking market is growing and consolidating particularly in the UK. Alliances are multiplying to increase API coverage and reliability. Plaid is a very attractive actor as evidenced by the [attempted acquisition of Visa](#). Other partnership are inked, such as the one between Tink and American Express recently. The goal here is to automate the identification and onboarding process for new American Express cardholders in Europe, via an account connection.

### MARKET PERSPECTIVE

- Among Railsbank's customers, FinTech Ikigai, which created a stock market investment application, will soon integrate this new transfer initiation service to facilitate transactions between its customers' bank accounts and their investment accounts. The challenge for Ikigai is to reduce the number of clicks to complete a non-initiated transfer to fund the investment account by 75%.
- This partnership with Railsbank comes less than two weeks after Plaid announced another partnership with Paysend.
- In addition to these partnerships, Plaid just raised new funds, further strengthening its dominant position in the open-banking market.

# PLAID



# Railsbank

Source : [Press release](#)

## E-commerce & E-payment

# PayPal acquires startup Happy Returns

United States

### FACTS

- PayPal announced today it's acquiring Happy Returns, a returns solution provider that offers online shoppers access to easier ways to send back unwanted merchandise to retailers without having to box it up and ship it themselves.
- Happy Returns nearly started six years ago with a value proposition that was to increase convenience and sustainability of the returns process for online shopping.
- Happy Returns offers a combination of software, services and logistics that allows retailers to manage their returns through their own retail stores, by carrier, as well as through Happy Returns' "Return Bar" locations.
- Happy Returns relies on the creation of a network of retail partners who can use its returns software to receive products from online buyers.
- The retailers in the Happy Returns network benefit from a new flow of visitors and potential customers into their stores.
- The amount of the purchase of Happy Returns by PayPal has not been disclosed.

### KEY FIGURES

- Happy Returns has developed a consequent network of:
  - more than 2,600 drop-off locations in over 1,200 metropolitan areas across the United States
  - hundreds of partner brands
  - PayPal was one of the first investors in Happy Returns

### CHALLENGES

- **Circumventing a historical problem:** The "last mile delivery" has always been a painpoint for retailers. Amazon has solved this problem by making return free. But the solution is neither convenient nor sustainable. Happy returns offers an alternative that tries to respond to these problems.
- **Accelerate growth:** Happy Returns plans to continue enhancing its platform and growing its reach with PayPal's support. It is also an opportunity to impose the service on the 31 million e-merchants who are PayPal customers.
- **Increase customer knowledge :** To play a more significant role in consumers' post-purchase experience and the returns process. The acquisition will allow the payment platform to follow consumers from discovery through payments to returns and exchanges

### MARKET PERSPECTIVE

- **PayPal's** growth has raised significantly this beginning of year and its development goes through acquisitions and new projects. The acquisition of online bargain platform Honey in 2019 was already an important step to develop its ecosystem of services outside of its core business. With Happy Returns Paypal shows its ambition to play a more significant role in consumers' purchase experience.

- In April, Affirm bought Returnly, another returns startup, for \$300 million and is expected to close the deal by the end of June.



Source : [Press release](#)

## POS Checkout & mPOS

# Sensei wants to democratize the cashless store

Portugal

### FACTS

- Cashless store model is growing in response to an increasing demand from the retailers. But for the moment, a unique model has not emerged among the different technologies used.
- Sensei, a Portuguese start-up, is trying to differentiate from Amazon Go by targeting local retailers better than supermarkets.
- Sensei has just raised 5.4 million euros. Several investors have been mobilized, including Seaya Ventures and Iberis Capital.
- Sensei's main target: retailers specialized in take-away sales, gas stations and other local grocery stores.
- Technologies used: AI, image recognition, connected sensors and a network of cameras installed in the outlets.
- Customer journey:
  - The customer places items in their shopping cart.
  - Sensei cameras recognize these items, identify when the customer picks them up or puts them down and digitize the contents of the basket in a mobile application or in the retailer's checkout system.
  - Upon checkout, the customer is billed and finds their payment receipt on the Sensei application.

### CHALLENGES

- Boosting **its R&D**: To face Amazon Go, Sensei relies on its own ability to innovate from a technological point of view. That's why the startup plans to put most of its new funding into its R&D efforts to perfect its technologies. Another part will be used to finance the first pilots. Two stores have just opened in London; and Sensei will soon open a store in Europe (without revealing the location or the brand).
- **Stand-alone stores for everyone?** Sensei believes that this new store format will become the norm within 5 years and that it is therefore a question of survival for commerce to tackle the problem of queuing. The start-up highlights the automation of the point of sale management which will allow retailers to have a real time vision of their stocks and value-added data on the behavior of the buyers.

### MARKET PERSPECTIVE

- According to a McKinsey report, "stores of the future" and self-payment technologies will allow merchants to achieve margins twice as high as today, hence the promise of profitability that Sensei is highlighting.
- Since the pioneer Amazon Go presented its model, many start-ups and retailers have entered the race to deploy this type of technology, including AiFi, Caper, and Zippin).
- Despite this proliferation of solutions, outside of Amazon Go in London, Sensei is the first technology provider to open stores of this type in Europe.



Source : [Techcrunch](https://www.techcrunch.com)

## Credit Transfer & Direct Debit

# Feedback: Zelle still on a good track

United States

### FACTS

- U.S. mobile payment solution [Zelle](#), facilitates money transfers between individuals, has reported, once again, very positive business results.
- Powered by [Early Warning Services](#), Zelle allows individuals and businesses alike to transfer funds quickly [in a secure environment](#).
- Zelle “springs” into 2021 with over \$100 billion sent during the first quarter of this year with nearly 392 million transactions on the platform.
- Overall, these figures represent a 74% increase in the amount of money sent and 61% increase in transactions recorded on the platform.
- Zelle Small Business has seen 180% growth in business since last year.
- Nearly 8,000 financial institutions are now involved in the Zelle network and provide access to the service directly from their m-banking application.
- Zelle has tens of millions of monthly users.

### CHALLENGES

- **Confirm its good health:** Since the launch of its service in 2011, Early Warning has regularly published Zelle's results thus confirming, year after year, its good health. That was the case in 2017, and again in 2019. The last earnings released today confirm the trend.
- **Expand and engage:** Zelle is expanding its usage and user base, with a focus on financial education for future consumers. Zelle teams up with Everfi – the leading social impact education technology company – to provide free-of-cost financial education to consumers. has reached more than 39,000 students in 47 states. Students have completed the "Zelle Money Moves: Modern Banking & Identity Protection" training, increasing their financial literacy by an average of 39%.

### MARKET PERSPECTIVE

- **The** development of P2P payments also concerns European populations. Bizum, the Spanish mobile payment solution has announced very good results and pan-European ambitions in early 2021.
- In the US, Venmo is the Zelle's direct competitor. The PayPal subsidiary processed \$51 billion in payments in the first quarter, a 63% year-over-year increase in volume.





Source : [Press release](#)

## Player's Strategies

# ACPR fears BigTech more than FinTech

France

## FACTS

- The rise of FinTech is rocking the boat. Beyond the predicted revolution of the financial market, the French Competition Authority identifies specific points of vigilance, notably concerning the hegemony of the GAFAs.
- The ACPR wanted to evaluate, with a survey, the competitive context in the financial technologies sector and, more specifically, in the payment area.
- This flourishing context has led to the emergence of new means of payment recognized by the Banque de France; the archetype of this new wave being materialized by crypto-assets.
- This market study has allowed to confirm the driving role of FinTech and GAFA in terms of innovation for payment and financial services.
- However, the Authority also highlights a major risk: that of the domination of GAFAs may keep the consumers captive in a closed ecosystem which could generate competitive risks in the financial sector. The traditional banking might remain stuck in operational activities.

## CHALLENGES

- **Putting FinTechs in their rightful place:** Previously considered as troublemakers in a well-established market managed by the historical players, Fintechs were then presented as potentially dangerous competitors. However, the situation is far from being so simplistic according to the ACPR. FinTechs have indeed captured market share, but they have also participated in a necessary renewal of all financial services, notably in the framework of projects conducted jointly with the banks themselves. The agility of some offsets the inertia of others. The digital transition and the integration of new technologies is still ongoing, paving the way for ever more relevant financial services.
- **Identifying the real threat:** As the ACPR points out, FinTechs are not so much a threat as GAFAs. The latter's strike force and their ability to capture consumers in closed ecosystems are a real risk. Moreover, if governments try to curb their ambitions, they will not be able to hold back the steamroller that the GAFAs represent for long. The ACPR also identifies Blockchain technology, which holds the promise of disrupting intermediaries and automating all payment processes and information exchanges in general.

## MARKET PERSPECTIVE

- **The** ACPR recently penalized young payment institutions by asking them to stop presenting themselves as "neo-banks." To protect users and to make sure to distinguish players with a credit institution license from those who only have a payment institution or EME license.
- The web giants are American or Chinese. But their domination and coverage of services is global and affects European consumers as well. The latter remain protected by specific local regulations such as GDPR or PSD2, which apply to all on the national territory.
- On the other hand, Europe is seeking to protect its sovereignty by developing a global payment service. The EPI project is thus presented as the spearhead of an efficient strategy for the future, which is based on the central role of banks.



Source : [Press release](#)

## La Banque Postale Consumer Finance to adopt Alma's split payment technology

France

### FACTS

- La Banque Postale Consumer Finance has just announced a new partnership with Alma, a french FinTech specialized in BNPL.
- The objective of this collaboration is to allow the bank to position itself with a white label offer on [a high potential market](#).
- This new partnership is materialized by an offer of split payments in up to 36 times, addressed to french merchants, operating online or in stores.
- The offer dedicated to e-commerce will allow installment payments in 12, 24 or 36 times. In contrast, a 2-month payment offer is available at the point-of-sale.
- A simple technical integration will allow merchants to offer the payment solution to their customers. The commission fee has not been disclosed yet by the two players.

### CHALLENGES

- **Positioning on a growing market:** BNPL FinTechs have recently raised record amounts of funds. In France, its success is due, among other things, to the tightening of regulations introduced by the Lagarde law in 2010, which has made consumer credit subscription much more complex. Players have adapted to this by pushing for split payments of less than 90 days, often free of charge, which are not covered by the law. Nevertheless, the market could reach 10 billion euros by the end of 2021 according to the FEVAD. In this case, LBPCF offer is very similar to a personal loan with relatively long terms.
- **Pursue a major overhaul:** [La Banque Postale started 2021](#) with an overhaul of its consumer finance subsidiary. This partnership with Alma is fully in line with this strategic evolution aiming to strengthen this activity for the group and to develop its white label offer.
- **Increase its credit exposure:** La Banque Postale is counting on this partnership to achieve its objectives and thus increase its credit exposure by 40% by 2025.
- **Generate mutual synergies:** La Banque Postale will provide a financial investment to sustain Alma's debt and get involved in the development of its technology. The bank does not exclude to invest further in the capital of the FinTech. Alma will also benefit from the bank's profiles of a 5 million customer's data, which will allow The FinTech to realize a scoring more quickly.

### MARKET PERSPECTIVE

- While [PayPal](#) launched its offer in France last year and [Klarna](#) is about to land on the French market, traditional banks are pushing back in this market in the recent months.
- La Banque Postale has strong ambitions and it was trying to realize them by buying [Floa Bank](#) – the group was in the last round of potential buyers – until BNP Paribas became the favorite for this acquisition.



Source : [Press release](#)

## Natixis Payments acquires the start-up Jackpot

France

### FACTS

- Natixis Payments has just announced that after years of collaboration, the group has finally decided to buy the start-up Jackpot, which processes a digital voucher solution.
- Jackpot is a start-up created in 2017. For many years, it has been in charge of creating digital vouchers for Natixis Payments entities: Titres Cado, Le Pot Commun, Comitéo.
- Thanks to its service, end customers of the Titres Cado, Le Pot Commun, Comitéo platforms can quickly and simply transform an amount held on these platforms into an e-gift card to be redeemed among many partner stores in France.
- By acquiring Jackpot, Natixis Payments also plans to integrate this offer into its *Benefits and Services* activity dedicated to its employees, in order to further enrich its social offer.
- In addition to Natixis Payment employees, Jackpot's service is aimed at all Internet users who earn extra income online through various services such as kitty-pooling, carpooling, sales of second-hand products and other sponsorships.

### CHALLENGES

- **Leveraging a bold innovation strategy:** The combination of Natixis and fintech Jackpot follows a long-standing partnership and is the zenith of a successful collaboration and innovation strategy.
- **Expanding its service offering:** Jackpot's offering enables Natixis Payment's Benefits and Services business to complete its service offering. The Jackpot offer provides an enhanced customer experience as it allows the customer to spend the entire amount of their jackpot at the merchant of their choice.
- **Becoming a European reference in gift cards:** Jackpot can now create e-cards for more than 100 brands in France. Its acquisition by Natixis Payments allows it to aim for new goals:
  - triple this number in 18 months
  - expand its network to the European market

### MARKET PERSPECTIVE

- This initiative is all the more interesting for Natixis Payments as the market for revenues generated online by Internet users represents an Eldorado for all financial services players. More and more Internet users are generating revenue online today.
- Jackpot's figures are self-supporting:
  - more than 45 billion euros in online revenues by 2020 in France
  - more than 550 specialized web and mobile platforms in France in 2020
  - 28 million consumers earn more than 800 euros online per year
  - 20% annual growth in Europe and 25% in France
- Last April, Natixis Payment already presented an innovative service in the field of employee benefits, a digitalized meal ticket offer called Apetiz.



Source : [Press release](#)

## Payment service Square launches in Ireland

Ireland

### FACTS

- Better known in the US as "the PayPal of small businesses", Square has diversified its activities while conquering new markets. Today, it is in Europe that it can finally settle.
- Founded in 2009 in San Francisco, Square now operates its services in the United States, its country of origin, but also in Canada, Japan, Australia and, since 2017, the United Kingdom.
- Ireland is therefore the first EU country in which the fintech is officially launching, thanks to the granting of an Electronic Money Establishment license in 2020.
- After a pre-launch test phase, all Irish merchants and businesses will now be able to use a full range of services offered by Square:
  - point-of-sale cash, charged at 1.75% per transaction in addition to the rental cost of the terminals (Square Terminal (€99 instead of €169), Square Stand €79 instead of €99), and Square Reader (free instead of €19)
  - Square Online, which provides an e-commerce platform including merchandise inventory
  - a range of commercial tools (billing manager, online payment, team planning, electronic gift cards,...)
  - an API platform integrating Square's partners' offers

### CHALLENGES

- **A wider deployment announced:** Ireland is a gateway for Square, which already plans to distribute its offers in other European countries very soon. This acceleration of its presence in Europe could be explained by the opportunities that have arisen from the post-Covid-19 digitalization of commerce.
- **Towards a reshaping of the competitive landscape?** Until now, Square has left the field open to its European competitors, including SumUp and iZettle. But despite Square's power (in December it exceeded the \$100 billion mark in valuation), it will be a big challenge to deploy in Europe. A European Cash App will be up against online banks, neo-banks, and even other growing payment apps like France's Lydia.

### MARKET PERSPECTIVE

- **Initially** focused on the alternative cash market, Square has diversified with the acquisition of Cash App to move ever closer to the concept of universal banking. It has also acquired a Spanish P2P solution, Verse, which could foresee the launch of this solution on the European market.



## Square Office Locations



United States



Canada



Japan



Australia



United Kingdom



Ireland

Source : [Presse release](#)

## Feedback: How far is Klarna gonna go?

Europe

### FACTS

- The Swedish unicorn Klarna, a specialist in fragmented payments, has just published its first quarter results, which are historic.
- It should soon finalize a new record fundraising.
- The total volume of goods sold worldwide (GMV) via the Klarna payment service has never been as high as in March. In the first quarter, it reached \$18.9 billion, including \$6.9 billion in March alone.
- This dynamism is specifically driven by the US market:
  - 17 million customers in the United States now use Klarna's services, a figure that has doubled in one year.
  - Klarna now offers its payment service on the websites of 24 of the 100 largest American retailers, a market coverage greater than any of its competitors.
- To date, the Unicorn has over 90 million active users worldwide. It averages about 2 million transactions every day.

### CHALLENGES

- Last March, Klarna tripled its valuation thanks to a fundraising that allowed it **to expand in the United States**, which became Klarna's first market ahead of Germany, imposing the FinTech on a resolutely global scale. Its 2020 results also showed a sharp increase in losses over the year, due to the high level of risk encountered in the US market. In this new quarterly publication, net losses appear again (up nearly 40% compared to Q1 2020).
- **Continuing to innovate:** in addition to these record results, Klarna has also recently announced the opening of a new center dedicated to innovation in the city of Madrid. To continue its success story, Klarna must continue to innovate. It has marked the year 2020 with its diversification into shopping, but also banking services. This new location will result in 500 new hires, the majority of whom will be engineers. It joins the three other "tech hubs" launched by Klarna in Stockholm, Milan and Berlin.
- **Financing its geographic expansion:** after its success in the United States, Klarna has also launched its operations in New Zealand. Other international markets are expected to open up to the FinTech, but no further details are available at this time.

### MARKET PERSPECTIVE

- Already officially the most valued FinTech in Europe and the second worldwide, Klarna is expected to finalize, in the coming days, a new round of financing with SoftBank, the Japanese colossus of investments in new technologies. It has also recently published a net profit of 4,988 billion yen (37.8 billion euros) for its last fiscal year, an absolute record.
- Softbank is expected to invest some 500 million dollars in the Swedish company Klarna, which would finally value it at more than 40 billion dollars.



# Klarna.

Sammanfattning av information angående kapitaltäckning SEKk	Klarna Holding 31 mar 2021	Klarna Bank AB 31 mar 2021
<b>Kapitalbas</b>		
Kärnprimärkapital	17 545 501	10 791 993
Övrigt primärkapital	391 245	250 000
Supplementärkapital	380 662	599 180
<b>Totalt kapital</b>	<b>18 317 408</b>	<b>11 641 173</b>
<b>Riskexponeringsbelopp</b>		
Kreditrisk enligt schablonmetod	43 606 644	46 059 908
Marknadsrisk enligt schablonmetod	2 124 663	3 784 626
Operativ risk enligt alternativ schablonmetod	2 252 092	2 202 000
Kreditvärdighetsjustering	1 783	1 783
<b>Totalt riskexponeringsbelopp</b>	<b>47 985 182</b>	<b>52 048 317</b>

Source : [Press release](#)

## Blockchain & Virtual Currencies

# The Digital Dollar enters an experimental phase

United States

### FACTS

- The Digital Dollar Project has committed to launching "at least" five pilot programs in the next year to test possible frameworks for a U.S. central bank digital currency (CBDC).
- The purpose of these pilots is clear: to generate real data and test the potential uses of a central bank digital currency in the United States.
- Accenture and the Digital Dollar Foundation are financially supporting this project, which includes the participation of major US banks, NGOs and retailers.
- The Digital Dollar Project is a private initiative that complements, as well as challenges the US Federal Reserve's (FED) project, which is currently working with MIT to build a technology platform dedicated to this future currency.

### CHALLENGES

- **Evaluate the relevance of the Digital Dollar:** The Digital Dollar Project will work to identify and solve technical and functional requirements, as well as assess the remaining benefits and challenges for applications in both retail and wholesale use. It plans to gather findings on the technology as well as existing policies to present to stakeholders and policymakers.
- **Build a new inclusive tool:** A digital dollar could also boost financial inclusion in the US, where transaction fees impede the access of many Americans to mainstream financial services.
- **Preserving the sovereignty of the dollar:** To preserve from the advancement of private initiatives such as [Diem](#), Facebook's project of a digital currency, and on a global level to preserve its monetary power, the United States have crucial matters to accelerate on a CBDC development.

### MARKET PERSPECTIVE

- A [2021 BIS survey](#) of central banks found that 86% are actively researching the potential for CBDCs, 60% were experimenting with the technology and 14% were deploying pilot projects.
- There is undoubtedly a momentum for public and private digital currency initiatives which are launched around the world. In France, Group Casino and Société Générale have announced the launch of a digital currency, the "Lugh", backed by the euro. Initially dedicated to investors only, it could be used for commercial exchanges in a second phase.



Source : [Accenture](#)