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## Savantor's View

### Coronavirus and payments

The biggest story in the news at the moment is of course the coronavirus pandemic and its impact and implications, not just nationally but on a global basis.

Since the last issue of MarketEye, the world has become a different place and when we get through this undoubtedly it will have changed.

Already the virus has made an impact on not just the national and global economic markets but also the payments industry.

The World Health Organisation has advised consumers to avoid handling bank notes and instead switch to contactless payments to deter the spread of coronavirus.

Many retailers have started to refuse cash in an attempt to limit its spread.

UK Finance has announced that the spending limit for contactless card payments will be increased from £30 to £45, with a national roll-out beginning from 1 April 2020.

The decision to raise the limit was taken following consultation between the retail sector and the finance and payments industry. It follows similar increases in several other countries over the past week including Netherlands, Germany, Norway, Saudi Arabia, Egypt, Poland and Turkey.

The changes were apparently already under consideration, but have been brought forward as part of the industry's response to the coronavirus outbreak to support consumers who choose to pay using contactless at this time.

Irish bank AIB says that in light of the coronavirus outbreak it is suspending its recently announced plan to introduce transaction charges for contactless payments.

This is not an easy time for anyone. Savantor wishes all our MarketEye readers and their families good health during this difficult time.

## Products and Initiatives

### Libra competitor Celo launches 'Alliance for Prosperity'

In competition with Libra, the Celo Foundation has signed up 50 members to its 'Alliance for Prosperity', an initiative to use blockchain technology and digital assets to "enable prosperity for everyone". Libra Association members Andreessen Horowitz and Coinbase Ventures, along with the Grameen Foundation, are among the firms backing the non-profit Celo Foundation's mission.

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Celo is a decentralised and open source platform designed to help make financial tools accessible to anyone with a mobile phone. The project's Celo Dollar stablecoin can be sent to mobile numbers rather than crypto wallet addresses.

The Foundation says its platform will help bring the transparency, utility and low cost of blockchain technology to people around the world, enabling developers to build tools that work across devices, carriers and countries.

Celo claims to be different from the Facebook-led Libra because it is decentralised. Its reserve is also backed by other cryptocurrencies, not fiat money, which could help avoid the regulatory concerns Libra is facing. (Source date: 11 March 2020)

### ***Bank of Scotland first to implement Confirmation of Payee scheme***

Bank of Scotland customers have become the first in the UK to benefit from a new name checking service designed to prevent the spread of unauthorised push payment scams. The Confirmation of Payee service, which will be adopted across the industry by the end of March, adds an additional check to that of the sort code and account number by ensuring that the name on the account being paid is the same name that has been provided. If it isn't the same, customers will be sent an alert and asked if they want to continue with the payment.

The service focuses on Chaps and Faster Payments, which are used for the vast majority of customer initiated payments in the UK.

APP scams cost UK consumers £345m in 2018, of which only £83m was recovered. Following a slow roll out of Confirmation of Payee technology - which was initially slated for introduction in July last year - the UK Payment Systems Regulator ordered Lloyds, RBS Natwest, Barclays, HSBC, Nationwide and Santander to assure implementation by 31 March 2020. (Source date: 2 March 2020)

### ***Brazil prepares for instant payment scheme***

Brazil's central bank has set out the details of its ambitious new instant payment scheme, which is set to go live in November. The scheme, called PIX, will let citizens, companies and government entities make instant payments 24/7/365 through mobile phones, online banking and ATMs, using QR codes or recipient information such as phone numbers, emails and taxpayer identification.

PIX will run in a centralised settlement infrastructure, called the Instant Payment System, operated and managed by the Banco Central do Brasil.

All financial and payment institutions with more than 500,000 active customer accounts that are licensed by the central bank will have to take part in the project, settling transactions on the platform. Payment institutions not licensed by the central bank will be able to use PIX by settling transactions through direct participants.

The government is demonstrating its commitment to PIX by ensuring that citizens and companies will be able to pay their federal taxes through it from November. The government also plans to use it to make payments such as tax refunds and social benefits. (Source date: 24 February 2020).

### ***Monzo to revisit paid accounts product***

UK digital bank Monzo is planning to relaunch its paid-for account, having closed it down in September last year owing to poor customer feedback. Apparently the premium account will see a renewed launch in the first quarter of this year, with lessons from its first attempt taken on board.

Monzo Plus offered numerous services such as travel and home insurance, increased ATM allowances and airport lounge access for up to £13 per month, but was negatively received by customers and subsequently withdrawn only five months after its launch.

The bank believes Monzo Plus' problems lay in the bank's approach to new products without taking into account the growth of its customer base.

Monzo reported losses of £47.2 million in 2018, but plans to be profitable within three to four years, something it will achieve through lending more and premium services like its Plus account. (Source date: 17 February 2020).

## Market News

### ***Lloyds Banking Group signs five-year Google Cloud deal***

Google Cloud has won a five-year deal with Lloyds Banking Group, part of the UK bank's commitment to spend £3 billion on digital transformation projects.

The agreement will see Lloyds deploy a number of Google Cloud services to help streamline and modernise the customer experience for its 26 million users.

The deal comes shortly after a cloud partnership announced in January with Microsoft to offer a suite of productivity tools within Office 365 for all Lloyds Banking Group employees.

For Google, the deal is the latest in a series of customer wins for its cloud platform in the UK financial services industry, including HSBC, Atom Bank and Refinitiv. (Source date: 10 March 2020)

### ***Revolut to apply for UK banking licence***

The UK's biggest fintech startup Revolut is reportedly preparing to apply for a UK banking licence, enabling the firm to offer FSCS-protected deposits and lending services for customers. The app was granted a European banking licence by the Bank of Lithuania in 2018, but in the UK has operated as an FCA authorised e-money institution.

The firm, which last month became the UK's most valuable financial technology startup after a funding round that more than tripled its value to £4.2bn, now employs over 2,000 people in 23 offices and claims 10 million customers. (Source date: 10 March 2020)

### ***Fiserv acquires MerchantPro Express***

Fiserv has acquired MerchantPro Express as part of the fintech giant's strategy to build up its merchant services business. Financial terms of the deal were not disclosed.

A Fiserv distribution partner since 2009, MerchantPro Express provides processing services, POS equipment and merchant cash advances to firms across the US.

Fiserv says the acquisition will boost its merchant services business and partner-based distribution, complementing its CoPilot, CardPointe and Clover payment technology. (Source date: 3 March 2020)

### ***Financial bodies work to combat cyber-threats***

Central banks, clearing houses, stock exchanges, payment system providers and law enforcement agencies across Europe have joined forces on a cybercrime information sharing programme.

The core objectives of the initiative, known as Cyber Information and Intelligence Sharing Initiative (CIISI-EU), are to protect the financial system from intrusions by cybercriminals through awareness-raising exercises and by the active exchange of information on cyberattacks, threats, vulnerabilities and remedies between core financial infrastructures, Europol and Europe's cybersecurity agency. (Source date: 27 February 2020)

### ***UniCredit signs deal with equensWorldline***

UniCredit has signed a long-term payment processing deal with equensWorldline to handle all Sepa (Single Euro Payments Area) transactions, instant payments, multi-currency, domestic and high value payments in Austria and Germany.

Following a similar deal agreed with Tier 1 German bank Commerzbank in 2018, equensWorldline now claims to be the largest payment processor in Europe, providing a single integrated platform for processing and innovation in the field of account-to-account payments products.

With long-standing payment methods being supplanted by a new wave of end-to-end real-time systems, some banks are rethinking sourcing models and increasingly turning to third party partners to relieve themselves of the burdensome costs of rebuilding their inhouse payments systems.

A spokesman for equensWorldline, says that the company not only acts as a provider, but also as a "partner bringing innovation, price competitiveness and guaranteed regulatory compliance." (Source date: 27 February 2020)

### ***FCA admits data breach***

The UK's top regulator has referred itself to the Information Commissioners Office after suffering a data

breach that revealed the names and other identifiable information of 1600 individuals who had lodged complaints against it.

The FCA says that it inadvertently published the data in plain view on its Website in response to a Freedom of Information Act request. The response related to the number and nature of new complaints made against the FCA and handled by the Complaints Team between 2 January 2018 and 17 July 2019.

Of the 1600 names revealed, up to half had addresses and phone numbers appended to their complaint. The FCA says no financial, payment card, passport or other identity information were included.

The lapse is an embarrassment for the regulatory body, which is charged with investigating data breaches at member firms and dishing out financial penalties for shoddy security practices. (Source date: 25 February 2020)

### ***Santander buys Elavon México for global merchant acquiring push***

Spanish bank Santander has agreed a deal to buy merchant payments platform Elavon México for EUR79 million. Currently part of the US Bank-owned Elavon, Elavon México has been operating Banco Santander's merchant acquiring business in Mexico since 2010. The alliance ranks second in the Mexican merchant services market, with around 140,000 active customers and 250,000 card payment terminals.

The deal is part of Santander's effort to create a global merchant acquiring business, building on its successful Brazilian unit, Getnet.

Elavon México will be 49% owned by Santander Mexico and 51% by Santander Merchant Platform Solutions when the acquisition closes in the next few weeks. According to Santander, the acquisition of Elavon México is an important step in the creation of a global merchant services business, "which will provide added value to our customers."

Apparently the company - which recently expanded its UK and Ireland business through the acquisition of payments gateway Sage Pay - will focus on its North American and European business. (Source date: 24 February 2020)

## **Mobile Money**

### ***Barclays app payments functionality***

In a UK high street first, Barclays now lets customers make payments from current accounts held with other banks from within its app.

Initially, the feature has been rolled out to customers who have a linked current account with NatWest, Nationwide or Bank of Scotland. It will shortly be rolled out to other providers including Santander, Lloyds, Halifax and RBS.

The service uses the industry-approved Open Banking API technology, ensuring the process is secure for customers, says Barclays. In the next few weeks, Barclays plans to add the ability to save new payment contacts within the app.

Customers can already view current, savings and credit card accounts held with other UK banks in the Barclays app. (Source date: 11 March 2020)

### ***Saudi Payments to introduce national QR code scheme***

Saudi Payments has contracted with HPS for the development of a national QR code platform for use by banks, fintechs and merchants across the Kingdom. The company, a fully owned subsidiary of Saudi Arabia Monetary Authority (Sama), says the project will reduce cash dependence and speed the proliferation of mobile payments.

Based on the ISO 20022 messaging standard, the interoperable network will enable merchants, individual customers, and service providers to be linked together to complete payments using the same code regardless of the service provider or scheme.

Merchants will be able to use the QR code to present a request for payment to a consumer, who can use their mobile devices to scan, verify and approve a payment, or reject the request. Multiple payment types are supported, information can both be fixed in a static QR code and used for multiple transactions, or a dynamic QR Code can be used for individual transactions.

The initiative is in line with the Kingdom's 10-years Financial Sector Development Program (FSDP), which aims to support digital transformation projects and fulfil aspirations to create a cashless society. (Source date: 5 March 2020)

### ***Belgian digital bank Aion is launched***

A subscription-only digital bank, promising to use AI to help customers maximise their money, has launched in Belgium. Called Aion, the new venture is the latest iteration of Banca Monte Paschi Belgio, which private equity giant Warburg Pincus bought from Italy's Banca Monte dei Paschi last year.

In addition to the usual banking services, Aion has developed an AI-based tool, called MoneyMax, designed to help members proactively take care of their day-to-day spending by finding the best deals for household expenses and the highest rates on their savings.

The bank is also offering an Exchange-Traded Fund asset management product and a chat-based personal concierge service to all its regular members. (Source date: 28 February 2020)

### ***Fiserv runs field tests of 'PIN on Mobile' transactions***

Fiserv has partnered with Visa, Samsung and PayCore to pilot the use of consumer-grade mobile phones as PIN-entry devices for merchant sales. Available via an app-based download to Samsung mobile handsets, the capability enables merchants to accept PIN-based contactless transactions without the need for a separate card reader or PIN-entry device.

The so-called SoftPOS system uses the NFC functionality in a merchant's smartphone or tablet to let them accept payments from contactless cards as well as NFC-enabled handsets and wearables.

Following security testing, the product is being piloted in Poland, with plans to expand in the EMEA and APAC regions. (Source date: 18 February 2020).