



A Deep Dive into Growth Markets



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Overview

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Opportunity in
High Growth
Markets

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Local insights
Central and Eastern
Europe

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India

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Africa

Why high growth markets?

90% of the global population under 30 lives in **emerging markets.**



Source: Euromonitor, May 2014

Global Ecommerce Growth

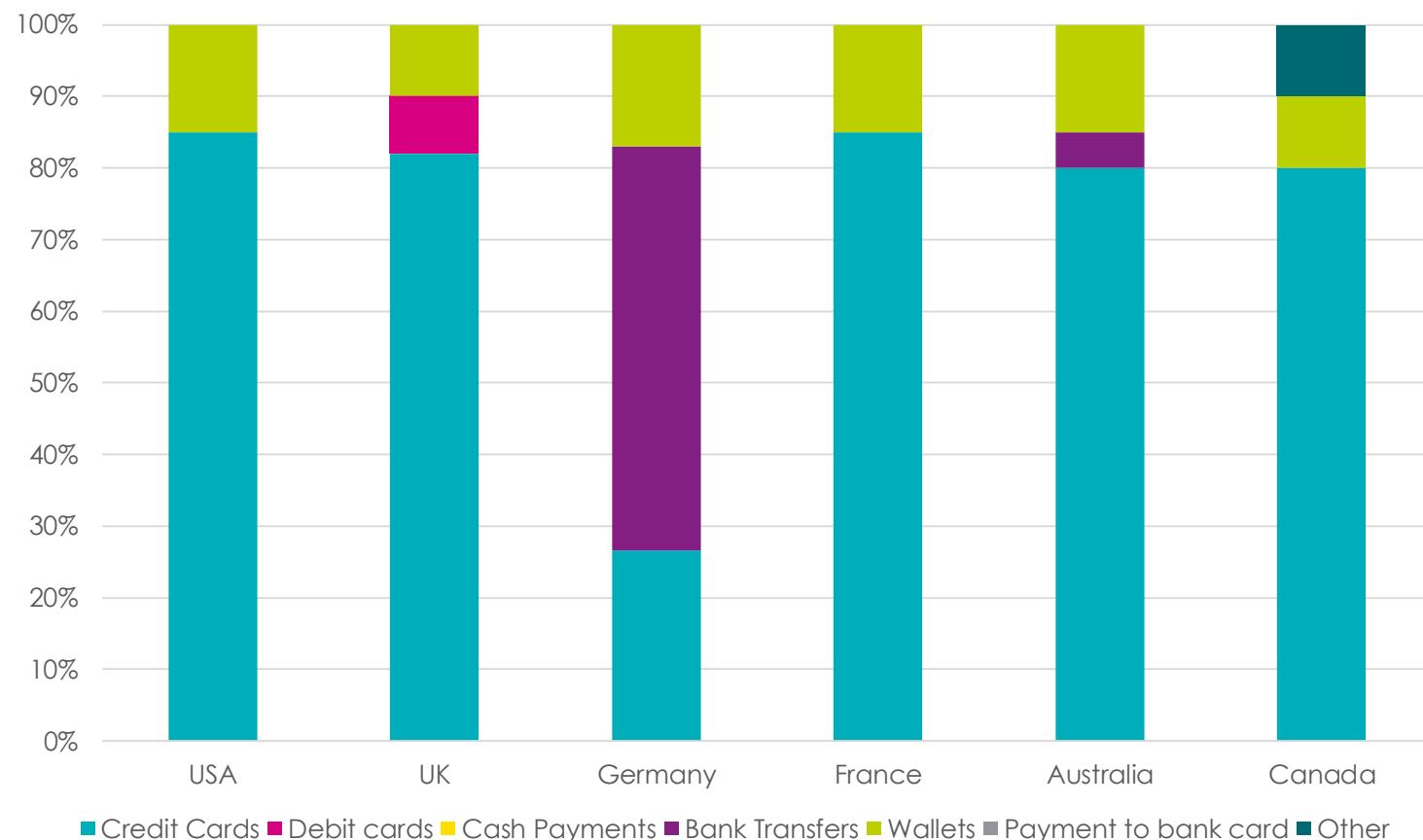
Ecommerce in developing economies is growing twice as fast as in most developed markets





Cross-border online B2C sales will more than double in the next five years to reach **\$424 billion in 2021**

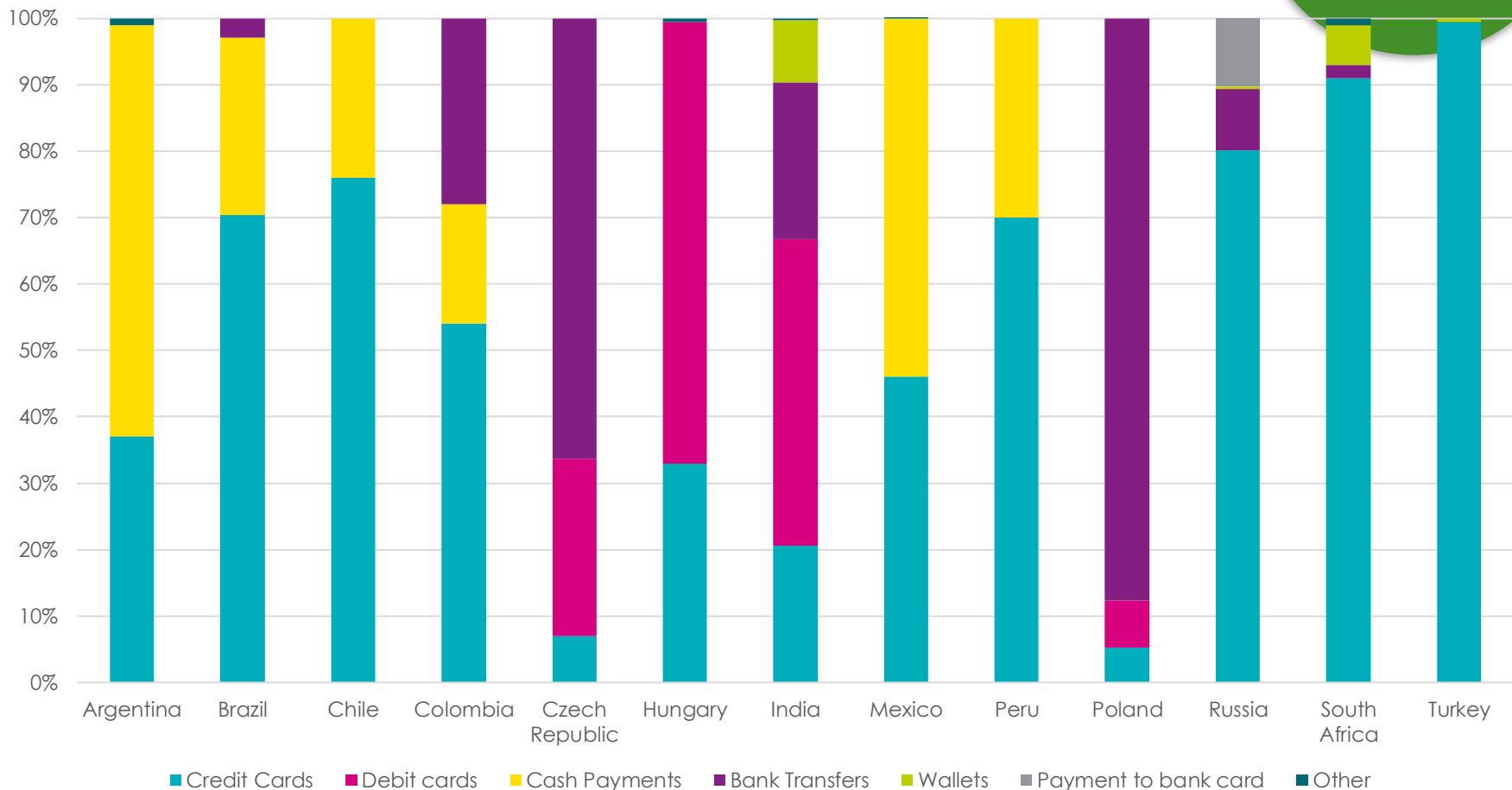
Payment method breakdown developed markets



Source: http://www.expertmarket.co.uk/sites/default/files/filemanager/Payment_methods_online

PayU payment method breakdown

53%
of total trx
use APM



PayU Market Data 2015

AMP: Alternative payment methods (anything apart from credit and debit cards)

*Mexico, Romania and Russia: credit cards and debit cards combined

Local Insights: India



India Overview



RAPID INTERNET PENETRATION

500 million internet users by end of 2016. The next 15 years, India will see more people come online than any other country



GDP GROWTH

India is far outstripping Europe and US in GDP growth



HUGE ECOMMERCE MARKET

Ecommerce in India is expected to grow to \$100 billion by 2020 ; Cross-border ecommerce now accounts to over 20%-25% of global commerce sales



In 2015, 45% of total Ecommerce was CoD (Cash on Delivery)

Payment options in India

Credit Cards: Visa, MasterCard, Amex, Diners, Discover
(Only few Bank cards work on International Gateway)

Debit Cards: Visa, MasterCard, Maestro, RuPay
(Most cards(90%+) work on Indian Gateway only)

Net banking: 45+ Banks (Acceptance Only Available via Domestic Aggregators)

EMI (Installments) for 08 Banks (Acceptance Only Available via Domestic Aggregators)

Cash cards and Wallets (Acceptance Only Available via Domestic Aggregators)

IVR (Acceptance Only Available via Domestic Aggregators for Indian Cards)

Payment Mix *	
Mode	%age
Credit Cards	32%
Debit Cards	22%
NetBanking	41%
EMI	2.50%
Wallets/ Others	2%
Total	100%

Payment Mix differs basis Line of Business.

*Figures depicted consider certain specific sectors mix.

OGSP Regulation

In late 2015, the Reserve Bank of India allowed the import of goods and software using an **Online Payment Gateway Service Provider (OGSP)**.

- Cross-border of goods and software allowed and not necessary to have a local legal entity in India
- Maximum value of \$2,000 USD for cross-border



Local Insights: Latam



Latin America Overview



By 2020, smartphones are expected to account for 68% of all phone connections in the region



Credit card penetration and banking is low, so alternative forms of payment methods are KEY



Latam is expecting far greater GDP growth compared to Europe over the next 5 years

High growth in Latam

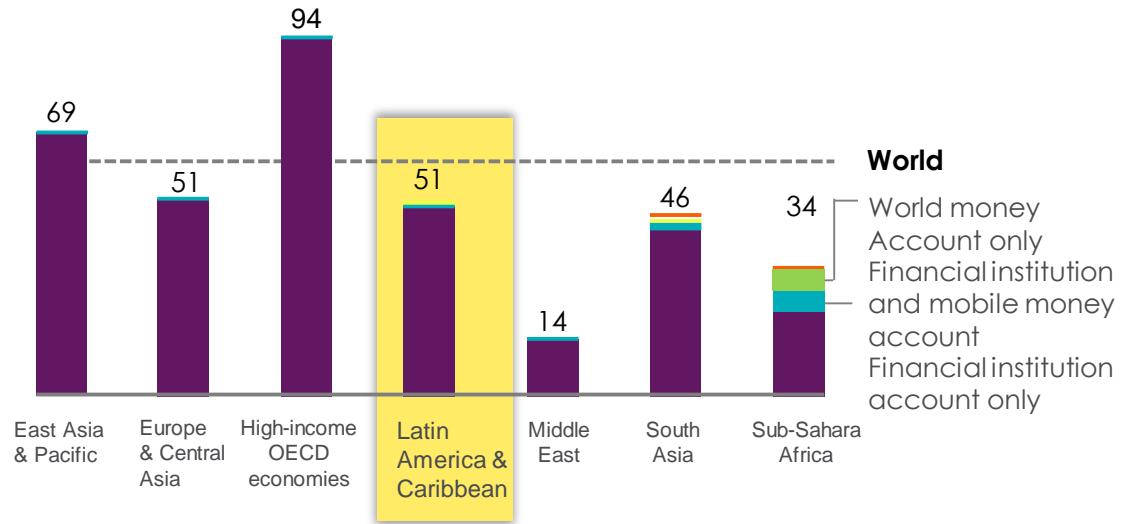


Latam is expecting far greater GDP growth compared to Europe over the next **5 years**

Bank account and Credit card penetration in Latam

Account penetration

Adults with an account (%), 2014

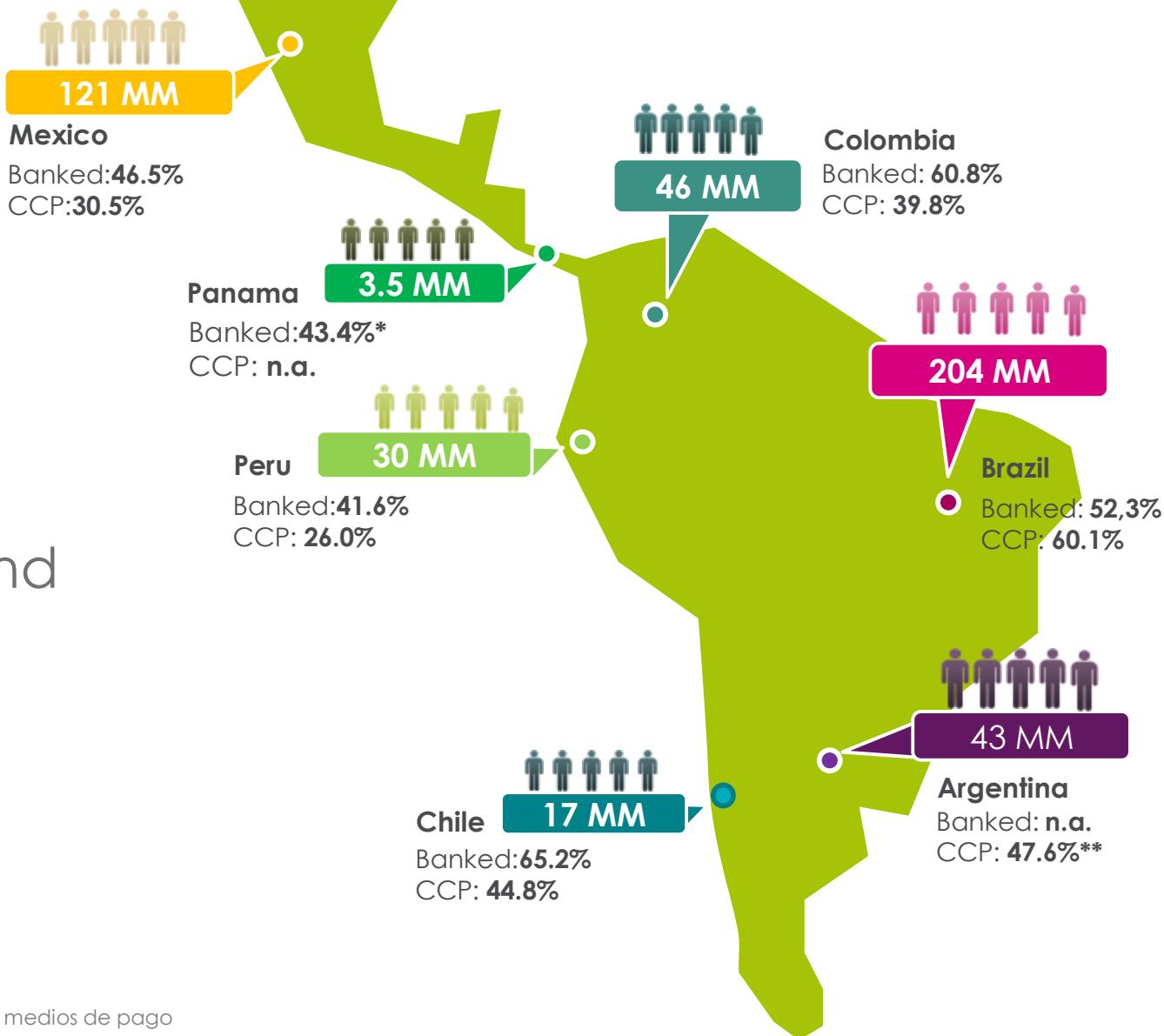


50/50 “chance” to have access to banks in LATAM.

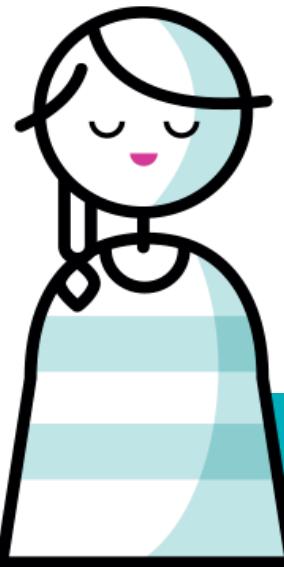
“Mixed” / Informal economies rely on cash but at the same time, provide opportunities for e-payments using bank accounts. More than 60% of those with bank accounts have used them for payments.

Regional context

population and banking



Local Card acquiring vs cross-border



user

Will not get charged extra by bank for international transaction

Will not have any FX risk

Will have control of the installments chosen
(Case of Colombia that when purchasing abroad everything gets defaulted to 24 installments)

Offering Installments



Enabled for Visa,
MasterCard and Amex



The credit risk is always
assumed by the bank



Approximately **60%** of all retail
ecommerce transactions using
credit cards use installments.



People use installments even for
purchases as **low as \$10 USD**.



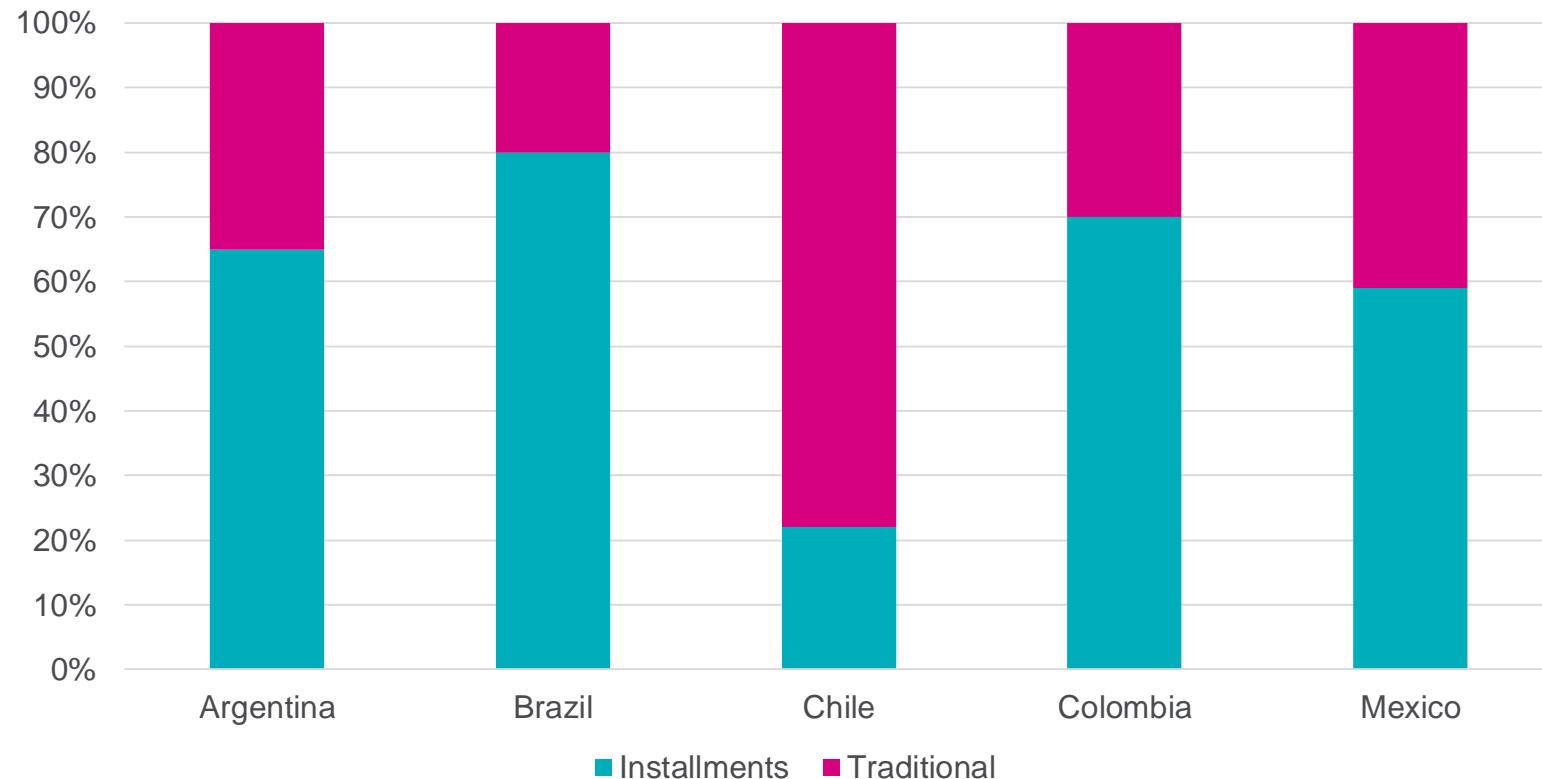
48

Installments go from
1 to up to 48 months.



In some countries the expense
of these installments can be
assumed by the merchant.

Installments per country





Offering Installments

In Colombia and Chile

The installments cost is paid by the consumer on a month to month basis. Its a deal completely between the bank and the customer.

Sin cuotas ▾

- 29 Cuotas ▾
- 30 Cuotas
- 31 Cuotas
- 32 Cuotas
- 33 Cuotas
- 34 Cuotas
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- 46 Cuotas
- 47 Cuotas
- 48 Cuotas

Pagar con crédito.

Nombre y Apellido:

Número de tarjeta:

Código seguridad:

Fecha de expiración:

Número cuotas:

Al pagar estoy aceptando los Términos y Condiciones de PayU.

Pagar

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01

1 INGRESA

Datos de tu envío

Seleccione una dirección de facturación de su libreta de direcciones o ingrese una nueva dirección.

Nuevas direcciones

Nombres *

ANA MARIA

Apellidos *

SANDOVAL

Dirección *

carrera 16 no 88-08 apto 502

Departamento *

Bogotá D.C.

Ciudad / Municipio *

BOGOTA

Teléfono *

3188280454

Celular

Guardar esta dirección



Autorizo a que me envíen información a mi correo electrónico

2 SELECCIONA

Forma de Pago

Método de Pago

Tarjetas de crédito

- Utilizar tu tarjeta guardada
- MASTERCARD
- VISA
- AMEX
- DINERS

Datos de la tarjeta de crédito

Nombre *

Nombre completo que aparece en la

Número de la tarjeta *

Número de 16 dígitos

Número de Cuotas *

1

Código de verificación *

?

Fecha de Vencimiento *

01 - Enero 2016

Tu correo electrónico *

?

¿Quieres guardar esta información para futuras compras?

3 CONFIRMA

Tu Pedido

CANT.	PRODUCTO	VALOR
1	Shampoo Baby 200ml	\$ 38.900
Subtotal		\$ 33.534
Costo de Envío		\$ 8.900
IVA 16%		\$ 5.366
TOTAL		\$ 47.800

PAGAR

Installment Payment Process

1 INGRESA Datos de tu envío

Seleccione una dirección de facturación de su libreta de direcciones o ingrese una nueva dirección.

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Celular

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2 SELECCIONA Forma de Pago

Metodo de Pago

- 1 Pago en una sola vez
- 2 Pago en 2 cuotas
- 3 Pago en 3 cuotas
- 4 Pago en 4 cuotas
- 5 Pago en 5 cuotas
- 6 Pago en 6 cuotas
- 7 Pago en 7 cuotas
- 8 Pago en 8 cuotas
- 9 Pago en 9 cuotas
- 10 Pago en 10 cuotas
- 11 Pago en 11 cuotas
- 12 Pago en 12 cuotas
- 13 Pago en 13 cuotas
- 14 Pago en 14 cuotas
- 15 Pago en 15 cuotas
- 16 Pago en 16 cuotas
- 17 Pago en 17 cuotas
- 18 Pago en 18 cuotas
- 19 Pago en 19 cuotas
- 20 Pago en 20 cuotas
- 1 Pago en una sola vez

Código de verificación *



Fecha de Vencimiento *

01 - Enero 2016

Tu correo electrónico *

¿Quieres guardar esta información para futuras compras?

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Costo de Envío	\$ 8.900
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IVA 16%	\$ 5.366
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TOTAL	\$ 47.800
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PAGAR



Déjanos un Mensaje

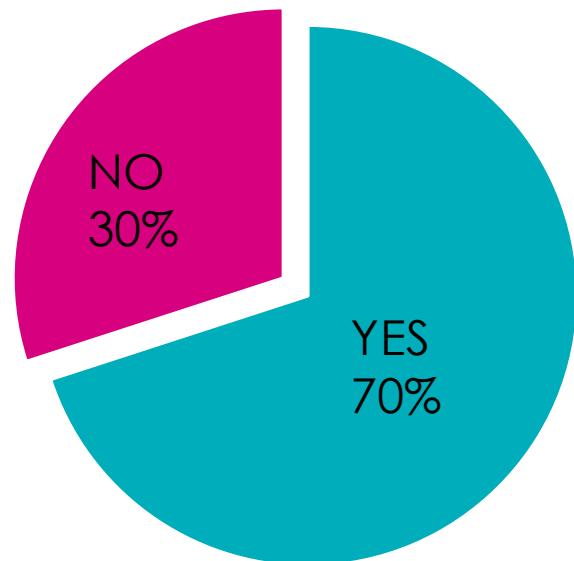
LLAMANOS 

Select the
number of
installments

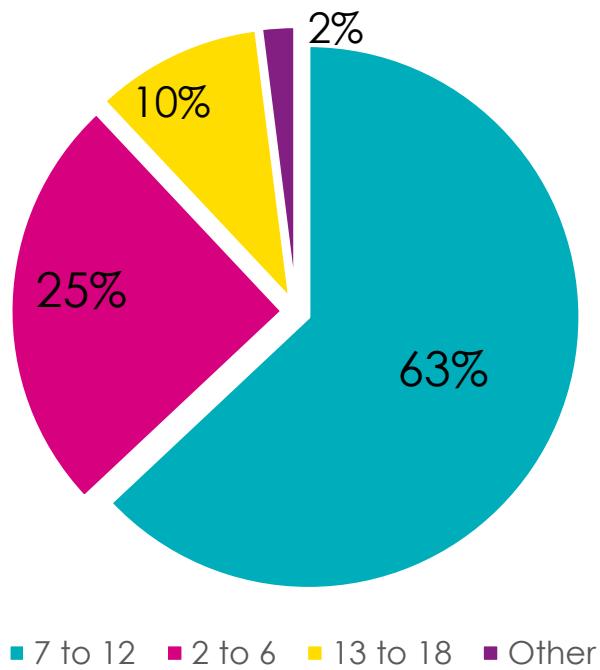
Digital Retailers in Argentina that offer Installment payments for Digital Purchases, Dec 2015

% of respondents

Offer installment payments



Number of Installments



Source: eMarketer

Installment Options Available



Argentina – 3, 6, 9, 12, 18, 24 months

- Many Banks offer promotions with installments without interest if use that bank's card. Very powerful for buyer



Brazil – 1 – 12 months



Chile: 1 – 48 months



Colombia: 1 – 36 months



Mexico: 1, 3, 6, 9, 12 months

- Banks offer “months without interest” if buyer uses that bank. Starting to gain a lot of demand from consumers.

Local Credit Cards



8% of all transactions



9% of all transactions



Diners Club
International®



7% of all transactions



Cash payments

How do they work in PayU?

1



Customer chooses the cash payment method and prints the voucher

2



Customer goes to the authorized local store or bank branch

3



Store notifies the PSP payment was made. PSP sends confirmation to merchant to ship the product and credits merchant's virtual account.

1 Tus datos [Modificar mis datos](#)

 Juan Perez
juan@correo123.com

2 Selecciona el medio de pago

Tarjeta de Crédito o Tarjeta Débito   

Pago en efectivo    
   

Pago en bancos    

Resumen de la compra

Referencia: referencia000123
Descripción: Producto 123 Nuevo
Total a pagar MXN \$100.00



LOGO

MÁX 350 X 90 px

1 Tus datos

 Juan Perez
juan@correo123.com

[Modificar mis datos](#)

2 Selecciona el medio de pago

Pago en efectivo

[Cambiar medio de pago](#)

1. Haz click en el botón "generar recibo de pago" e imprime el recibo que te muestra.

2. Puedes realizar el pago en efectivo presentando el recibo en cualquier punto Oxxo de México.

3. Una vez recibido tu pago en Oxxo, PayU enviará la información del pago a Test PayU Test, que procederá a hacer la entrega del producto/servicio que estás adquiriendo.

[Generar recibo de pago](#)

Resumen de la compra

Referencia: referencia000123
Descripción: Producto 123 Nuevo
Total a pagar MXN \$100.00

Hola, Juan Perez
Gracias por usar nuestro servicio



Tu transacción está pendiente de aprobación

- Debes imprimir y presentar este comprobante en cualquier punto Oxxo del país para realizar el pago de tu compra.
- Ten en cuenta la fecha de vencimiento de este comprobante ya que no podrás utilizarlo si se encuentra vencido.

Recibo de pago

PayU	Número de pago: 7752579
LOGO MÁX 350 X 90 px	Nombre de la tienda: Test PayU Test Fecha de tu compra: 2016-03-29 Hora: 16:48:23
Total a pagar: \$ 100.00 MXN	Paga antes de: 2016-04-05 Hora: 23:59:59
 27000007752579201604050000100006	
Haz tu pago en:	
<ul style="list-style-type: none">Una vez recibido tu pago en Oxxo, PayU enviará la información del pago a Test PayU Test, que procederá a hacer la entrega del producto/servicio que estás adquiriendo.Si tienes alguna duda o reclamo sobre el producto/servicio que estás adquiriendo, debes comunicarlo directamente con Test PayU Test.	
<p>La tienda donde se efectúe el pago cobrará una comisión en concepto de recepción de cobranza.</p>	
Imprimir comprobante	Descargar comprobante

← [Regresar al sitio de la tienda](#)

Resumen de la compra

Referencia: referencia000123
Descripción: Producto 123 Nuevo
Total a pagar MXN \$100.00



Example of a cash payment voucher in Brazil

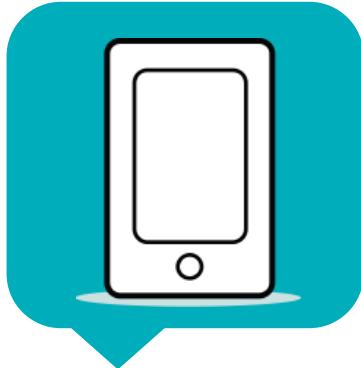
Efecty kiosks in Bogota, Colombia



Local Insights: CEE



CEE Overview



MCOMMERCE

- Polish mobile commerce is growing three times faster than ecommerce.
- In Turkey, over 40% of smartphone owners already have experience with mobile shopping



INTERNET SHOPPING

In Turkey, 33.1% of Internet users aged 16-74 bought goods or services over the Internet for private purposes.



HUGE ECOMMERCE MARKET

1 in 4 internet users in Poland already shop online and plan to increase the amount of money they spend online making Poland and Czech Rep. part of the top five most important markets for e-commerce in Europe (alongside U.K., France, Germany).

Credit card - Installments in CEE

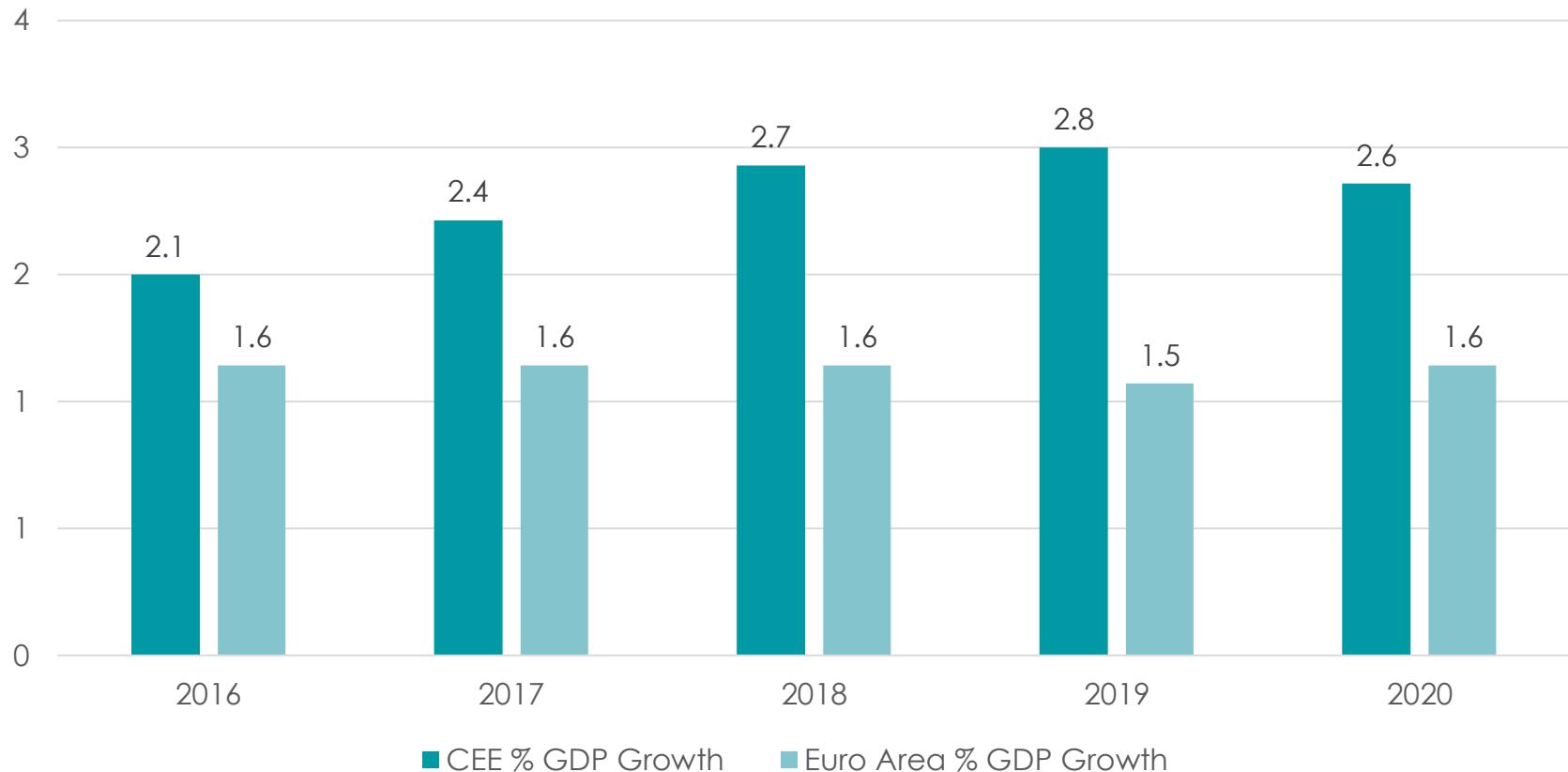


Romania: 1 – 24 month installments options



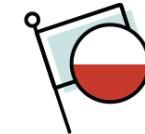
Turkey: 2 – 9 month installment options

High Growth in CEE

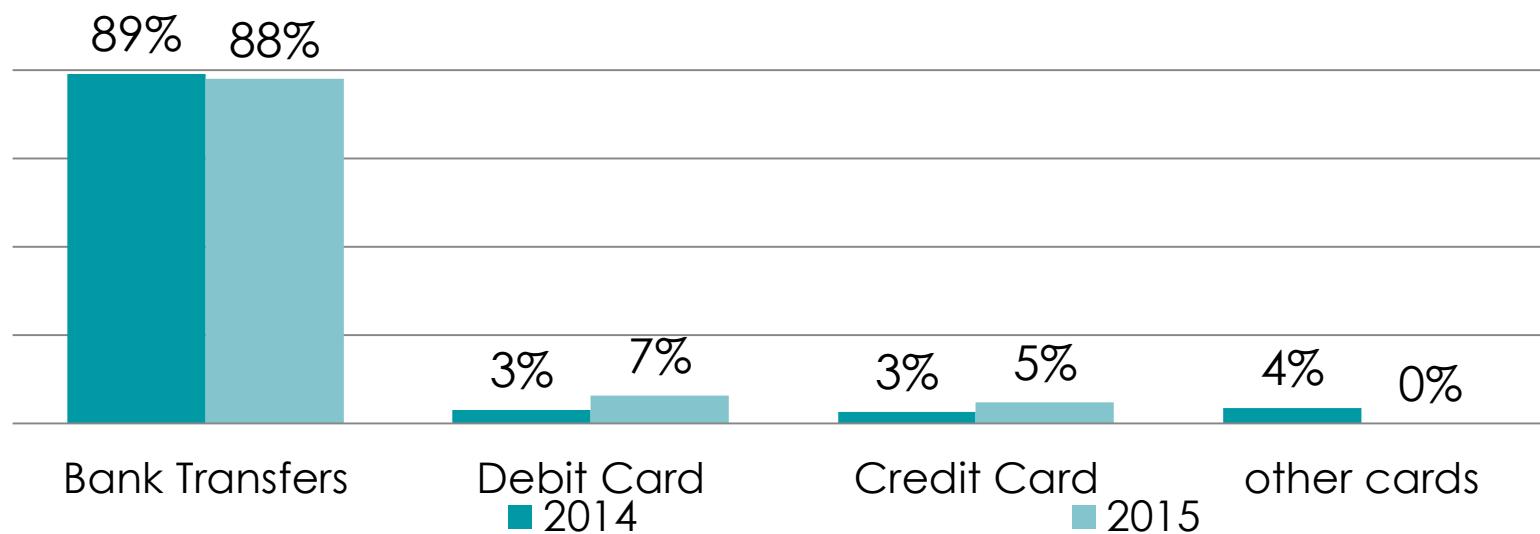


Central and Eastern Europe as a whole, is seeing steady growth at nearly double the rate of its neighboring countries to the west.

Importance of Bank Transfers in Poland



Share of Payment Methods (%)



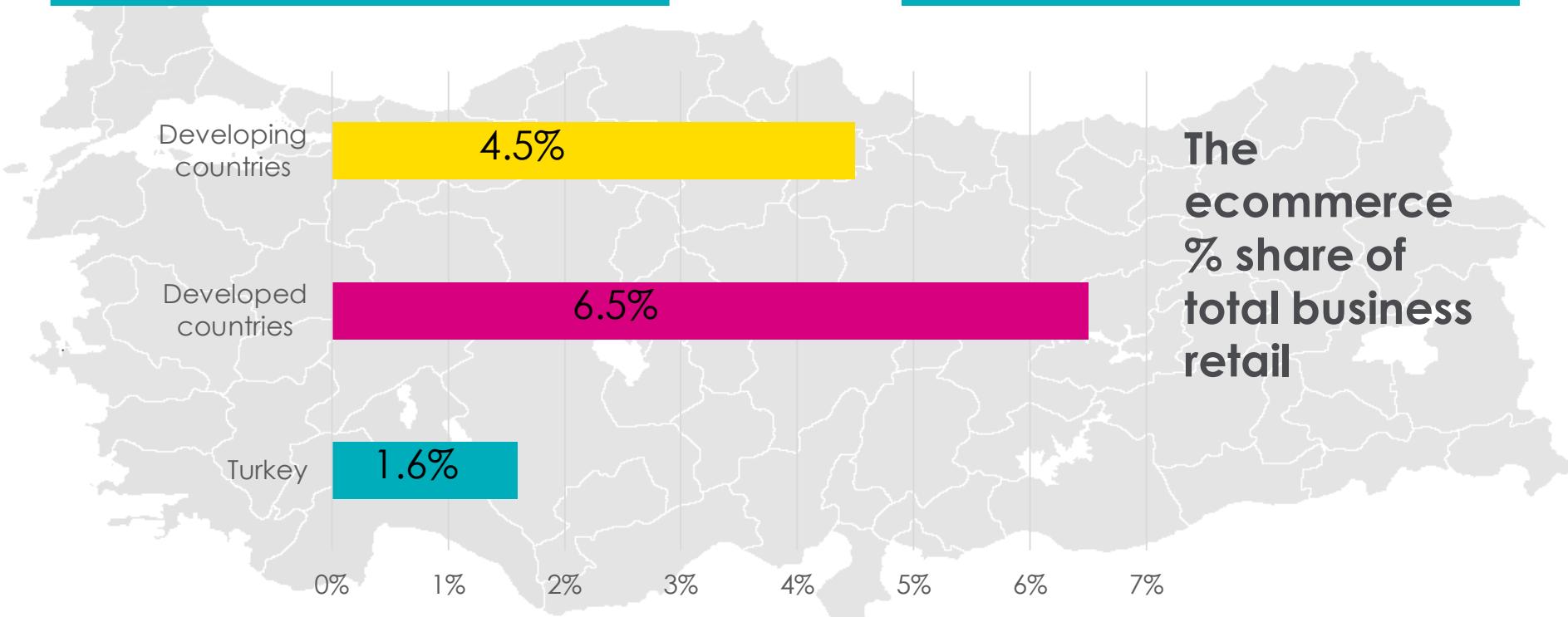
Real-time online banking transfers are key in Poland. To enable this, PSP's connect with many **financial institutions** in order to create a network that facilitates online payments and transactions.

Key Facts for Turkey

60% of the population is under **30 years old**



58 million Credit Cards
108 million Debit Cards



**The
ecommerce
% share of
total business
retail**

Offering Installments in Turkey

88%

88% of all ecommerce transactions are made **using Installments from credit cards issuers.**

2 – 9 month range

Axess ASYACard

***CARDFINANS Paraf.**

maximum +bonus

Processing locally allows the user to have better control of the conditions of his monthly fee and connects directly with many loyalty programs, which are highly popular in Turkey.

7

7 different connections to Banks are required in order to offer installments with all major Banks and give Access to the Loyalty programs

Ürün/Hizmet Adı

	Adet	Birim Fiyatı	KDV Değeri	Tutar
Pure Color	1	137.00 TL	0.00 TL	137.00 TL
Double Wear	1	155.00 TL	0.00 TL	155.00 TL
Pure White Linen	1	300.00 TL	0.00 TL	300.00 TL
EL HEDIYE PAKETİ BEDELI	1	5.00 TL	0.00 TL	5.00 TL
				Toplam 597.00 TL

Kart Bilgileri



Kart Sahibinin Adı-Soyadı:

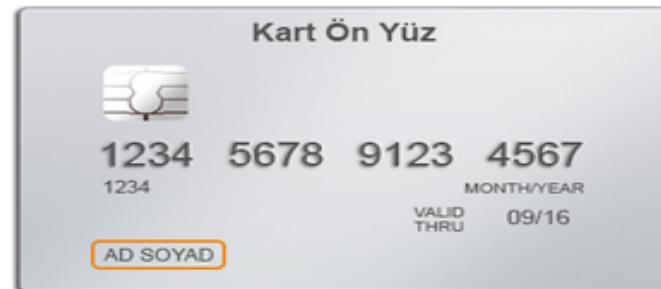
Kart Numarası:

Kart Geçerlilik Tarihi:

 Ay

 Yıl

Güvenlik Kodu:



Peşin Ödeme (Tüm kredi kartları ve banka kartları)

 597.00 TL

Peşin Öde

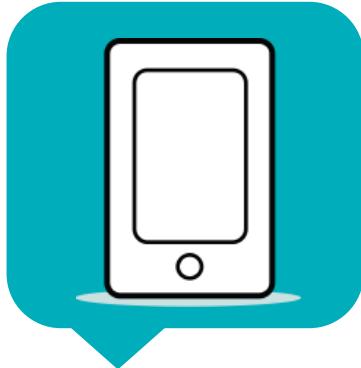
Taksit Kullanmak İstiyorum

	axess		+bonus		maximum		CARDFINANS		TapiKredi WORLD		ASYACard		Paraf	
Taksit	Taksit Tutarı	Toplam Tutar	Taksit Tutarı	Toplam Tutar	Taksit Tutarı	Toplam Tutar	Taksit Tutarı	Toplam Tutar	Taksit Tutarı	Toplam Tutar	Taksit Tutarı	Toplam Tutar	Taksit Tutarı	Toplam Tutar
2	298,50 TL	597,00 TL	298,50 TL	597,00 TL	298,50 TL	597,00 TL	298,50 TL	597,00 TL						
3	199,00 TL	597,00 TL	199,00 TL	597,00 TL	199,00 TL	597,00 TL	199,00 TL	597,00 TL						
4	149,25 TL	597,00 TL	149,25 TL	597,00 TL	149,25 TL	597,00 TL	149,25 TL	597,00 TL						
5	119,40 TL	597,00 TL	119,40 TL	597,00 TL	119,40 TL	597,00 TL	119,40 TL	597,00 TL						

Local Insights: Russia



Russia Overview



MCOMMERCE

- Polish mobile commerce is growing three times faster than ecommerce.
- In Turkey, over 40% of smartphone owners already have experience with mobile shopping



eConsumers

In 2015, there were 31 million econsumers, up from 14 million in 2012.

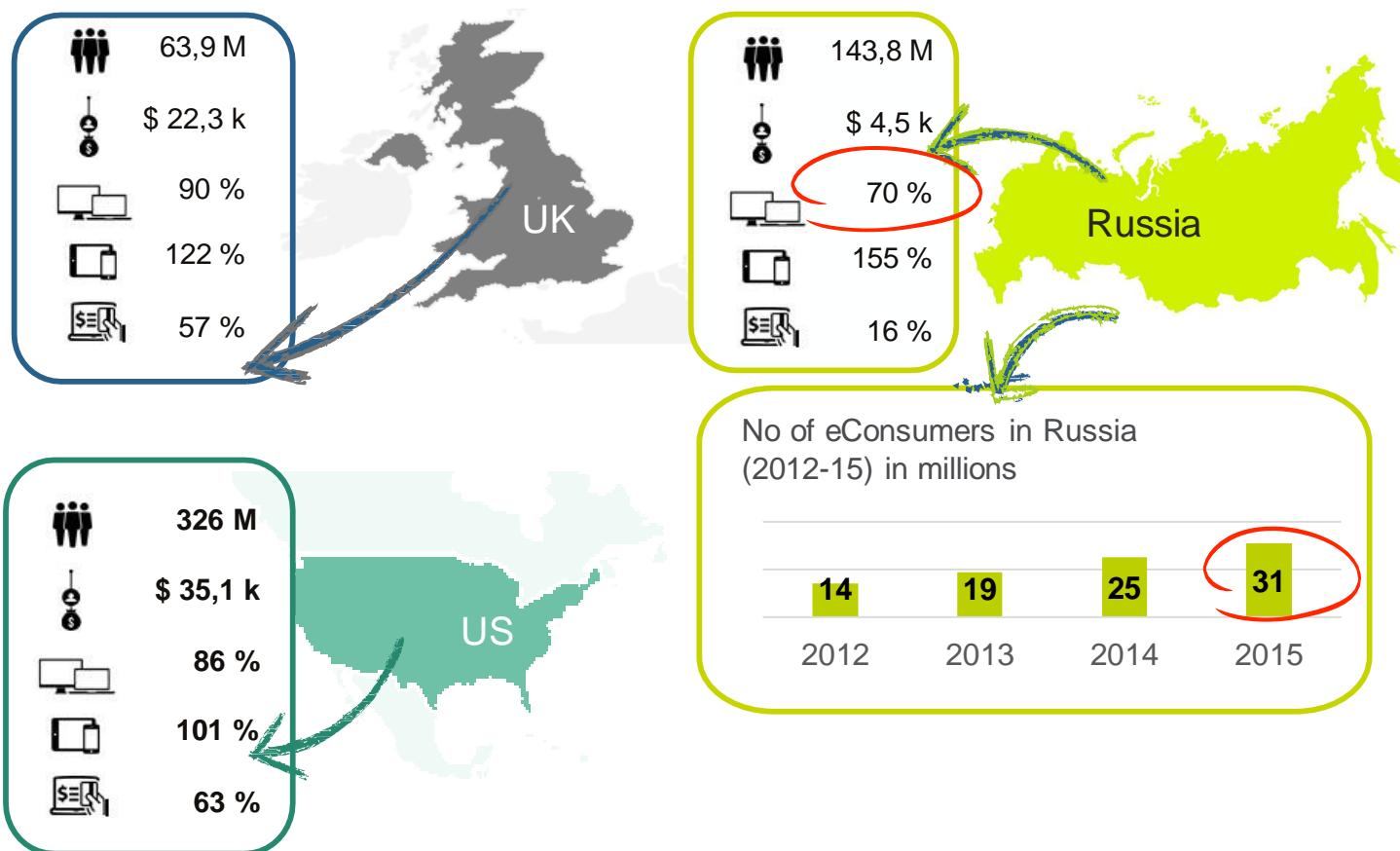


HUGE ECOMMERCE MARKET

1 in 4 internet users in Poland already shop online and plan to increase the amount of money they spend online making Poland and Czech Rep. part of the top five most important markets for e-commerce in Europe (alongside U.K., France, Germany).

Russia Market Comparison

Russia provides an access to 31M eConsumers with strong potential for further growth



Russian Consumers

Population of Russia

12-64 years old:
104,6 million people

Users' configuration

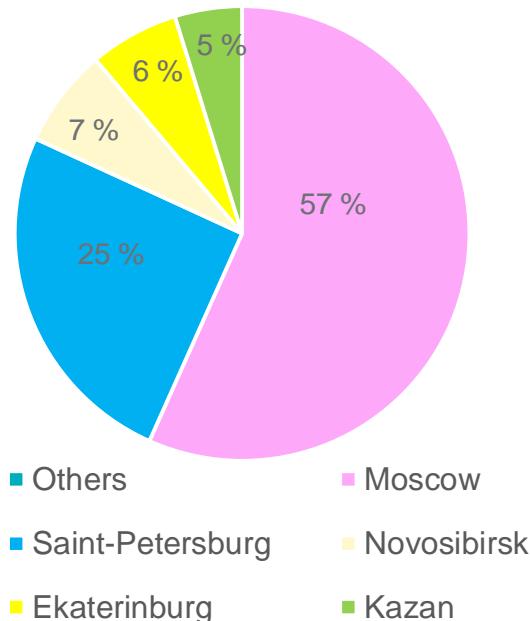


52,5% **47,5%**



Use Internet **57%**

Internet Users' geography in Russia



61% of all Internet users in Russia are in towns with one hundred thousand people or more.

Russian Payment Methods

Payment method	% of all orders	% of domestic orders
Cash by delivery	52	66
Bank card at order stage	25	14
Bank card by delivery	6	8
Electronic payment systems	10	6
Specials (bonus or discount card)	1	2
Bank or postal transfer	2	2
eBanking, mobile banking	1	1
Other	1	1
Payment terminal	2	<1
Don't know/No answer	<1	<1
Mobile phone outlet or other payment acceptance outlets	<1	0

Preferred payment method in Russia

*for orders of material goods from e-shops incl. cross border transactions

Key comments

Almost 60% of orders are paid on delivery, 52% of which - cash

25% prefer to pay their orders using bank card at order stage

Other 10% purchases are paid up with electronic payment systems

Pay on Delivery in Russia

At least 75% orders in 2015 made with POD. Share of POD not dropped by the last 5 years. We see only rising of Card on Delivery option.

Stores special programs and discounts like M.Video's 5% discount for prepaid orders have no effect for all market. We even see a little increase of POD.

The main problem is the availability of POD for customers. As long as there is supply, customers will want to use it.

	2011	2012	2013	2014	2015
Pay on Delivery	75%	75%	74%	74%	76%
Cash on Delivery	74%	72%	68%	66%	68%
Card on Delivery	1%	3%	6%	8%	9%

Pay on Delivery in Russia

Cash has lost its monopoly in Russia

72% have replenished the balance of their mobile phone cashless

61% have payed their public utilities cashless

57% of the respondents who payed online have numerous accounts in different e-payment systems



57% use more than one credit card for online payments

Only 5% of the respondents prefer keeping their earnings for current expenses in cash

Source: Data Insight (2015)

Market trends

№1. mobile device is the main operational center of an ordinary person

Every second user had an experience of paying via mobile during the last year

Share of online-users who had experience of at least one case of payment during the last 12 months with a smartphone or tablet

61%
18-34 years

41%
35-54 years

20%
55-64 years



43%
inhabitants of large cities (with population up to 100 ths)

59%
Moscow and Saint-Petersburg

39%
New users of Internet (less than 5 years)

Source: Data Insight (2015)

Data regulations in Russia



Summer of 2015 a new legislation forbidding storage of Russian citizens' personal data in foreign countries came up.



Being on the ground and having **local know-how** and connections allows companies to resolve issues like the above in a speedy manner.

Helps our merchants comply to local regulations.

All companies dealing with personal data must comply with 5 fundamental rules.

- 1 Personal data may be collected, stored and used only with the consent of the data subject (the person the data refers to).
- 2 Data operators storing personal data are liable for keeping such data confidential (not permitted to transfer, share or disclose such data without the consent of the data subject).
- 3 Full protection of personal data should be provided through a range of organizational and technical measures defined by the law.
- 4 The Operator should work out and make publicly available an internal policy for processing personal data. This document is obligatory for all operators.
- 5 Starting Sept. 1, 2015, personal data should be processed by means of information data bases that are physically located in the Russian territory.

Local Insights: Africa



Africa Overview



In Sub-Saharan Africa
12% of adults (64 million people) have mobile money accounts,

10% more than in the rest of the world (2%).



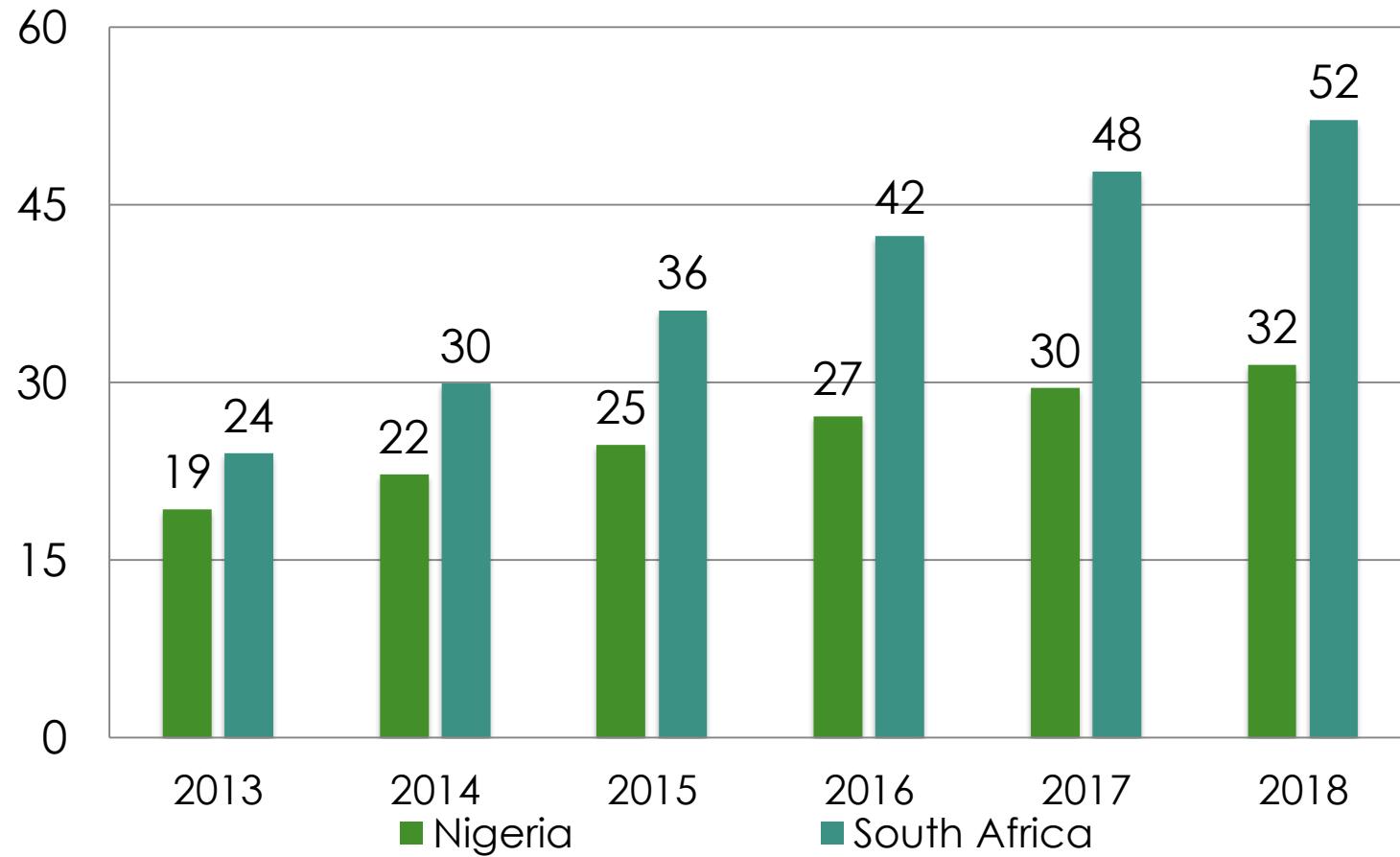
83% of consumers plan to conduct **mobile commerce** in the next 12 months

An increase of **15%** on the 2013 figure (according to InMobi)



Africa is expecting far greater GDP growth compared to established markets.
Nigeria is growing at **2.8%** compared to Europe's **1.6%**.

Smartphone penetration in Africa



Internet costs in Africa



Africa has skipped the PC era.

In Nigeria - **60%** are youths and **49.2%** urban.

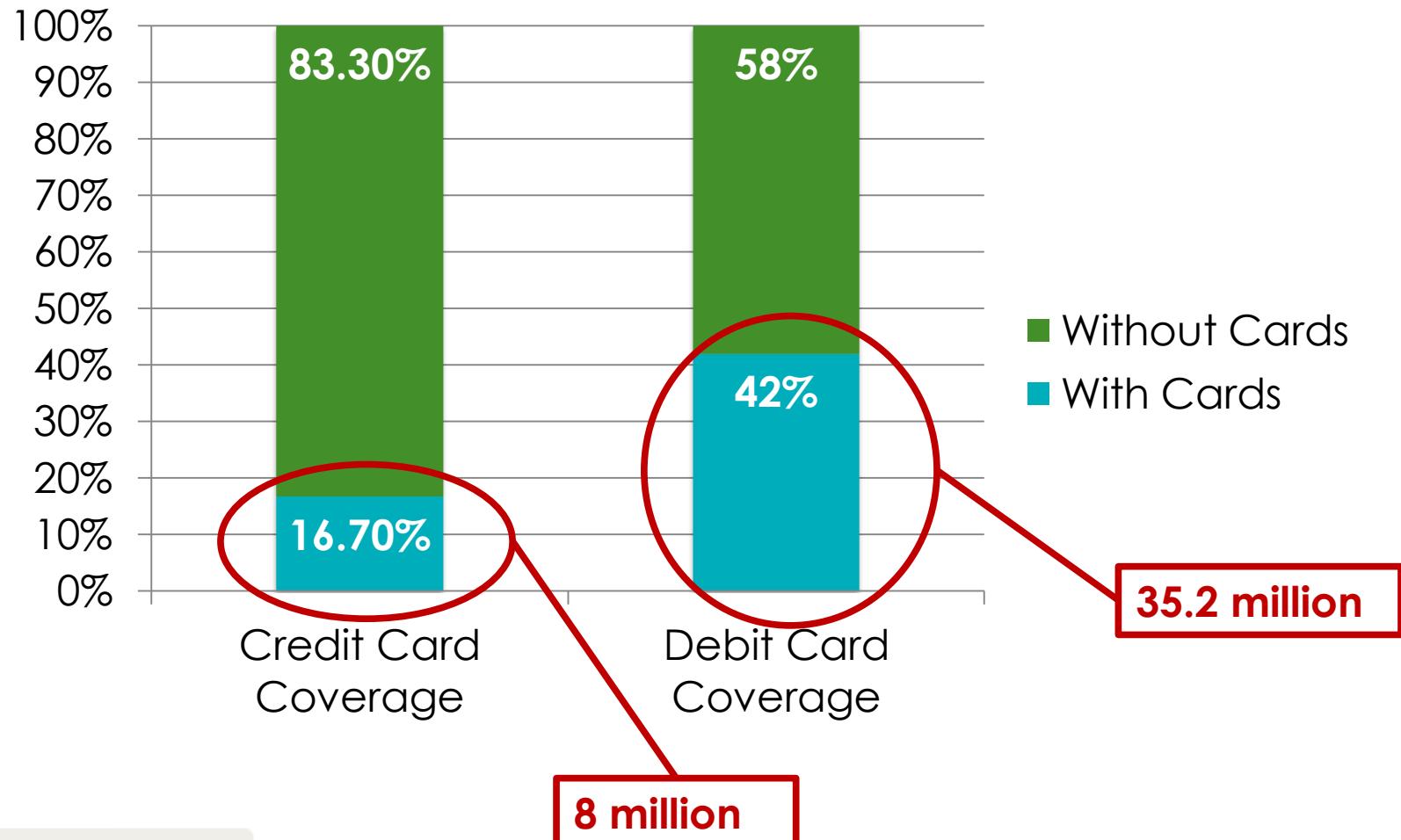
Nearly half of the adult population in South Africa have smartphones.

Huge opportunity to enhance the digital transactional uptake .

High internet costs is the main concern for merchants and consumers

Card penetration low but still the online king in South Africa

Card Coverage in South Africa



Payments landscape in South Africa

Cards

95% CC:DC = 70%:30%

Wallets

6%

Subset of Cards total

EFT

2.3%

At specific EFT merchants this figure can be around **20%-30%**

Loyalty & Rewards

1.46%

Card Recurring

1.07%

EFT Solutions in South Africa

Smart EFT

- 4 Banks 
- User enters payment details on bank site
- Asynchronous transaction flow

EFT Pro

- 5 Banks 
- Service injects payment details on bank site
- Synchronous transaction

Loyalty in South Africa

Discovery Miles

- Discovery loyalty product
- 2.3m users, 400k cards
- Merchant sign up controlled by Discovery



Discovery Miles

eBucks

- FNB card loyalty product
- 2m members, R1bn wallet value
- Merchant sign up controlled by eBucks



Ucount

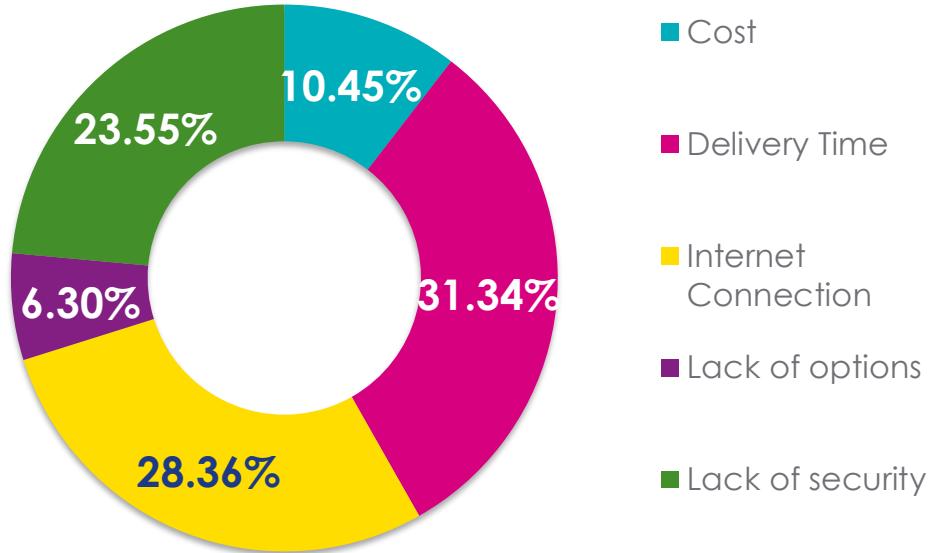
- Standard bank loyalty product
- 400k members, R170m loyalty value
- Merchant sign up controlled by Standard bank



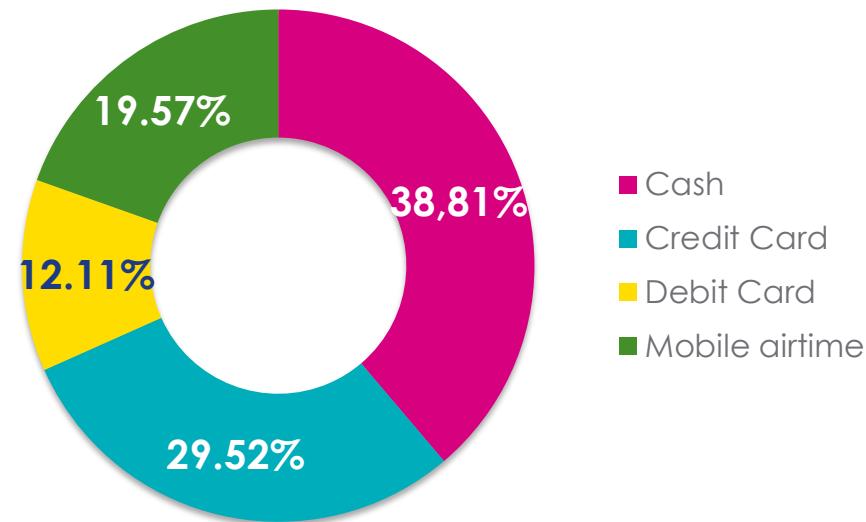
Nigerian Payment Landscape

Obstacle for buying products online

Delivery time is the main problem (!)



Preferred payment methods



Source: http://paymentsafrika.com/payment-news/infographic-e-commerce-in-africa/#disqus_thread

Overall Conclusions



Keys to Success – Understanding the buyer

- ✓ eCommerce in emerging market countries is growing faster than development countries
- ✓ Credit & Debit Cards still play an important role but understanding and offering installments is very important
- ✓ Alternatives payments are critical to improving the customers buying experience
 - Cash payments in emerging markets to serve the under banked
 - Cash on Delivery in Russia market is massive
 - Bank transfers in India, Poland, Czech Republic are more popular than credit cards for online purchases
 - Loyalty & Reward programs are a new important ways consumers relate to credit card purchases

QUESTIONS?





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If you have any questions about the presentation, go to our LinkedIn Group (the Payments Education Forum) and request an invitation (this is a closed group specifically for the payments industry).