



# 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  
India

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Local Insights  
Latam

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Local insights  
Central and Eastern  
Europe

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Local insights  
Russia

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Local insights  
Africa

# Why high growth markets?

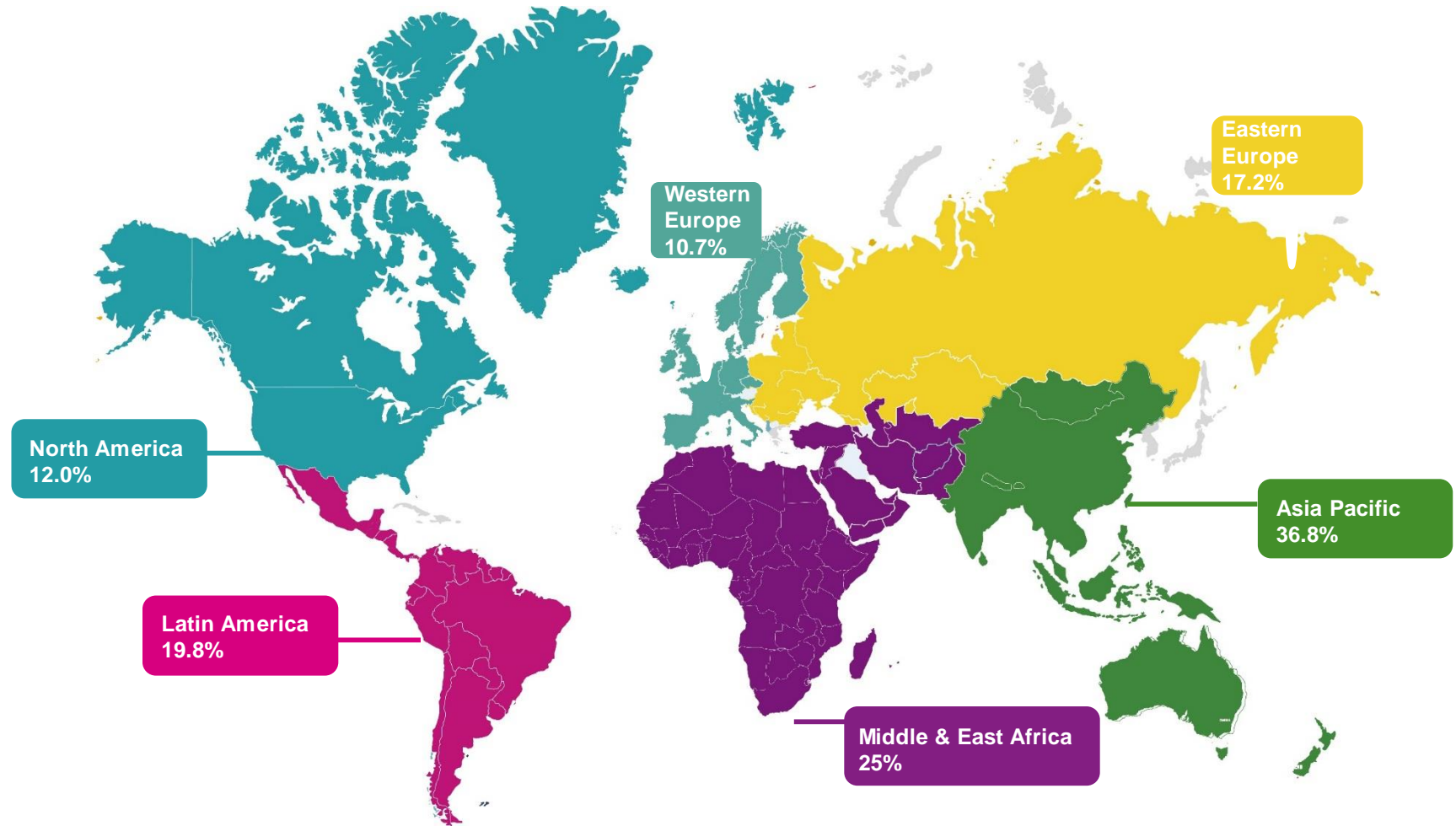
**90%** of the  
global  
population  
under 30  
lives in  
**emerging  
markets.**




Source: Euromonitor, May 2014

# Global Ecommerce Growth

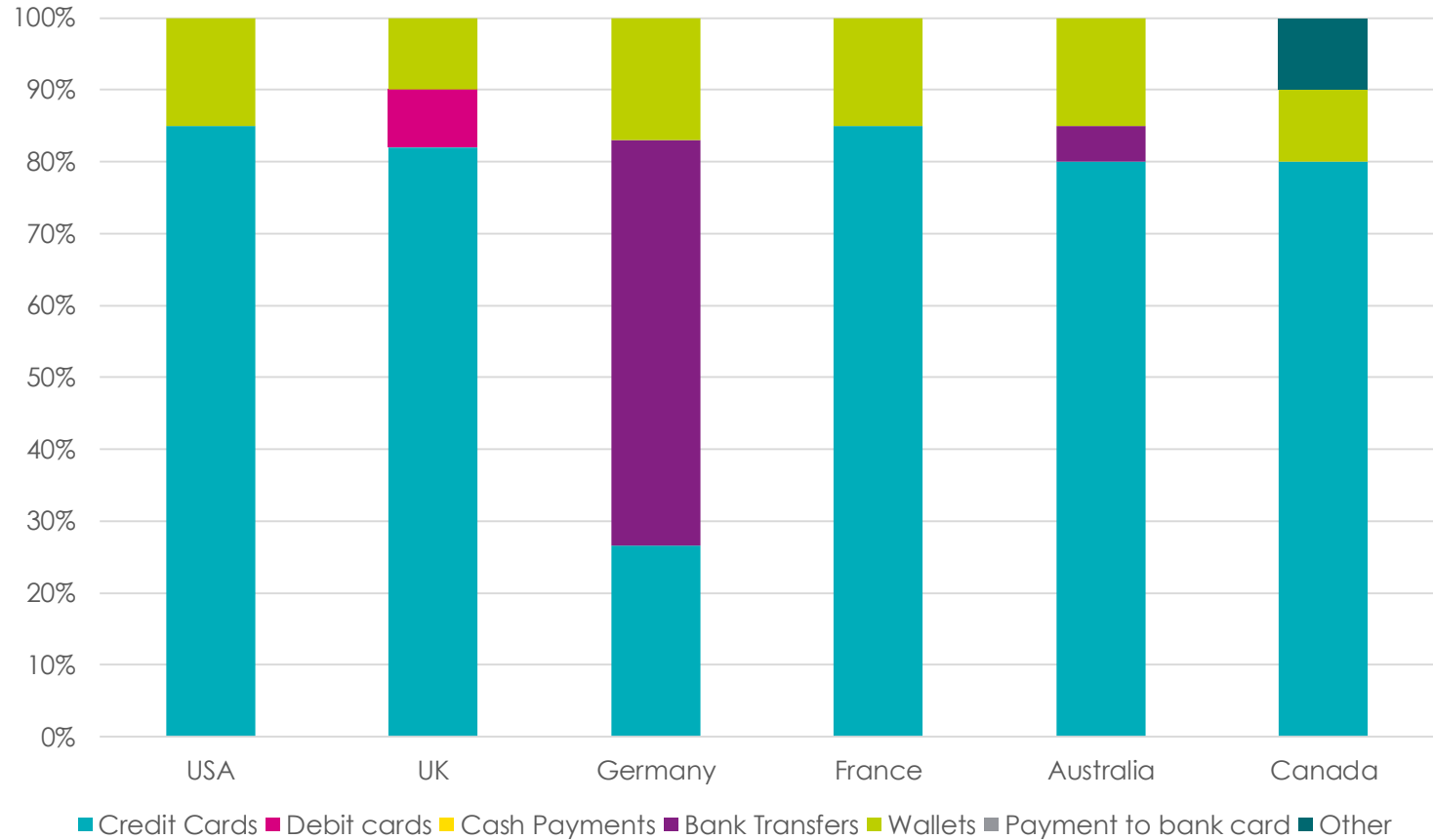
Ecommerce in developing economies is growing twice as fast as in most developed markets



A young couple is sitting on a light blue couch outdoors. The woman, on the left, is wearing a white sleeveless top and a necklace with a small star pendant. The man, on the right, is wearing a light blue button-down shirt and grey trousers. They are both smiling and looking at a smartphone held by the man. The background is a bright, out-of-focus outdoor setting with greenery and a building.

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

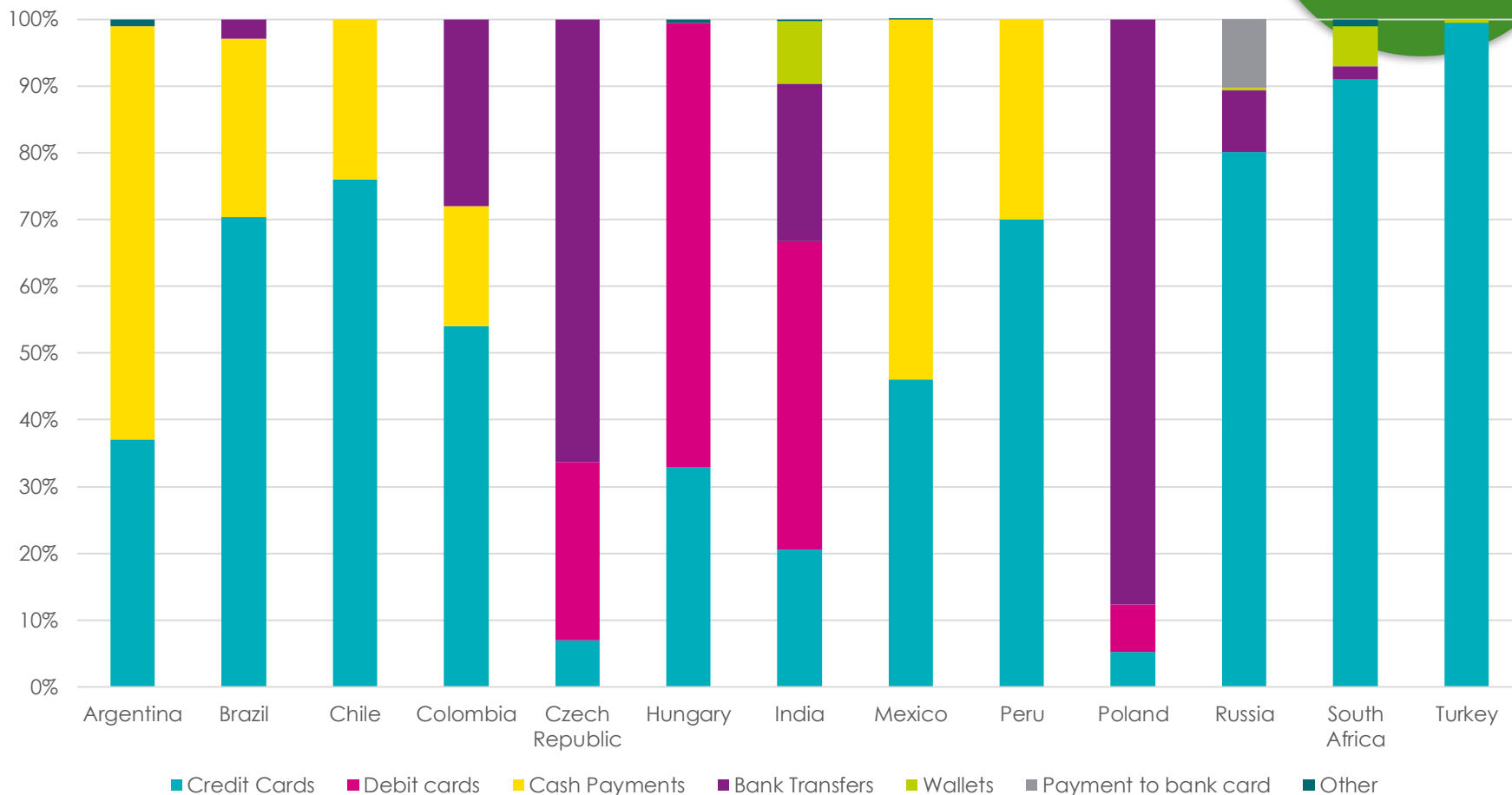
# Payment method breakdown developed markets



Source: [http://www.expertmarket.co.uk/sites/default/files/filemanager/Payment\\_methods\\_online](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



## **Cash on Delivery**

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

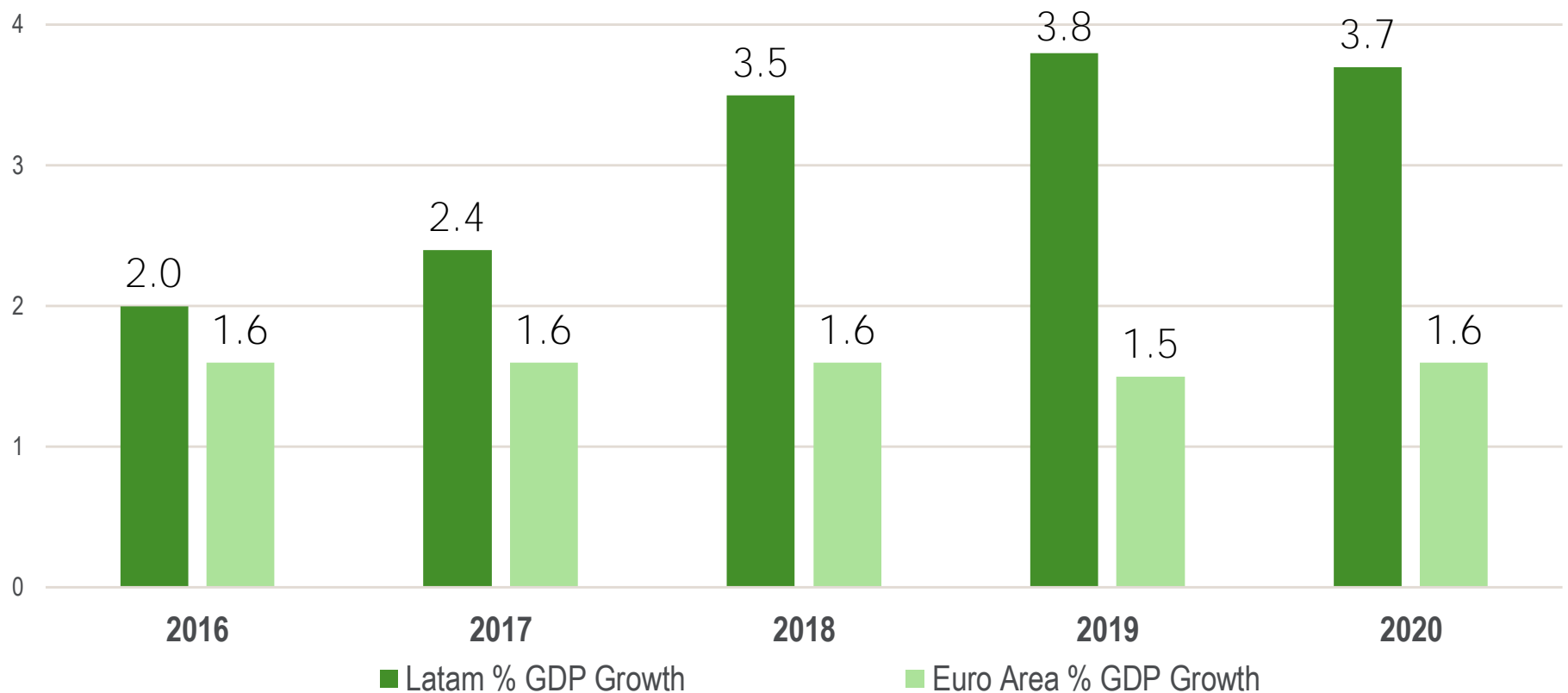


Credit card penetration and banking is low, so alternative forms of payment methods are KEY



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

# High growth in Latam

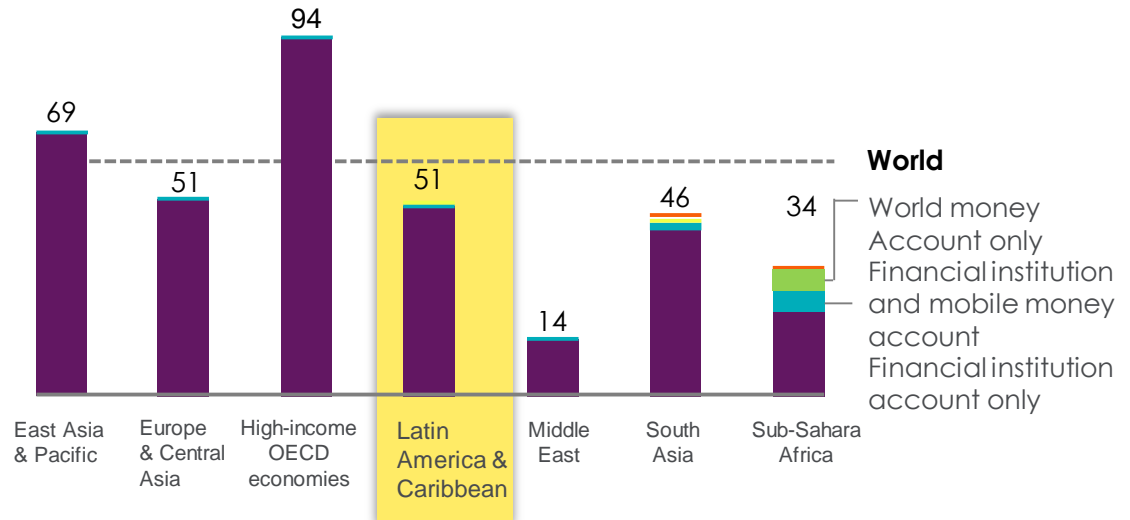


Latam is expecting far greater GDP growth compared to Europe over the next **5 years**

# Bank account and Credit card penetration in Latam

## Account penetration

Adults with an account (%), 2014

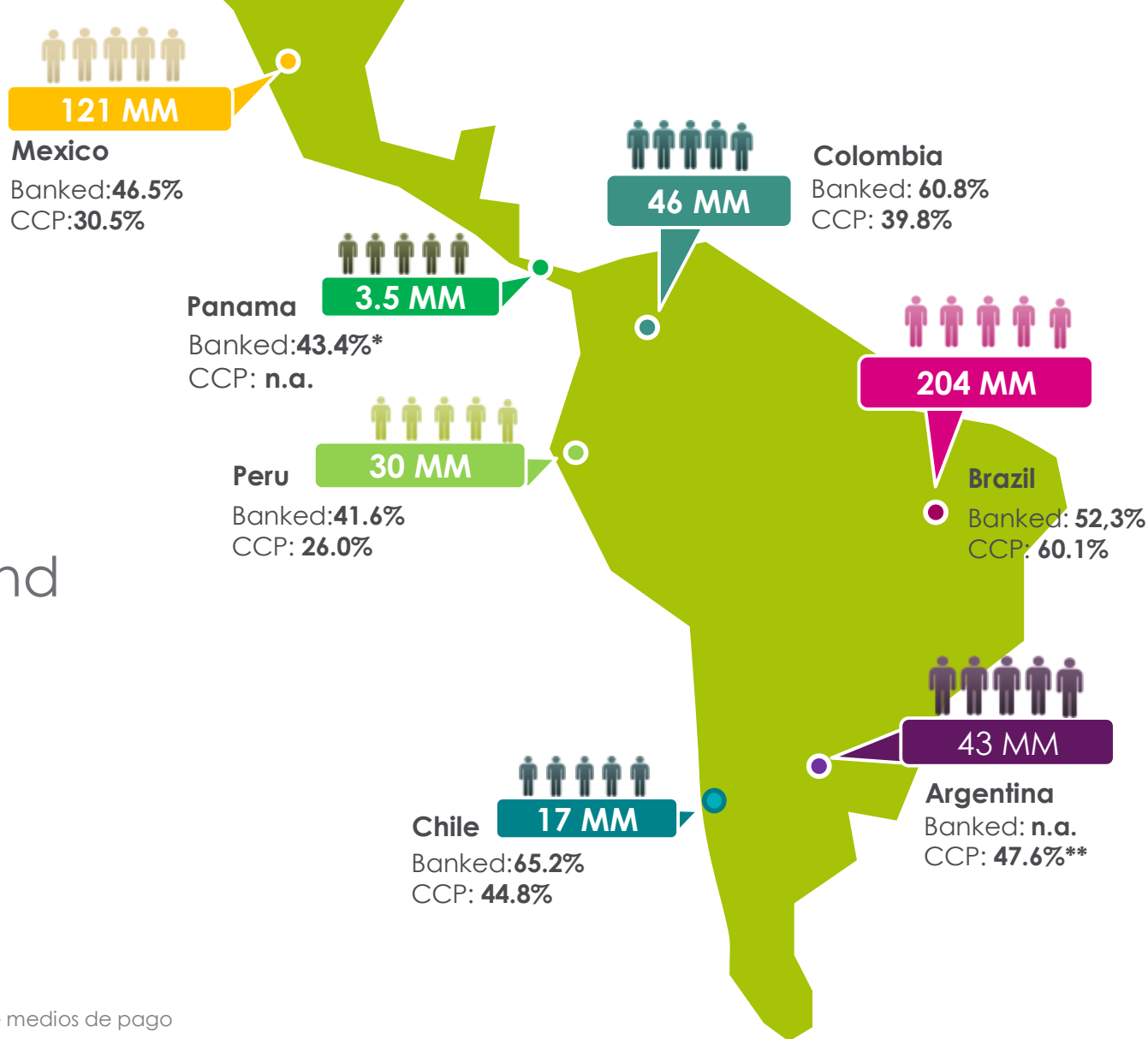


## 50/50 “chance” to have access to banks in LATAM.

“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

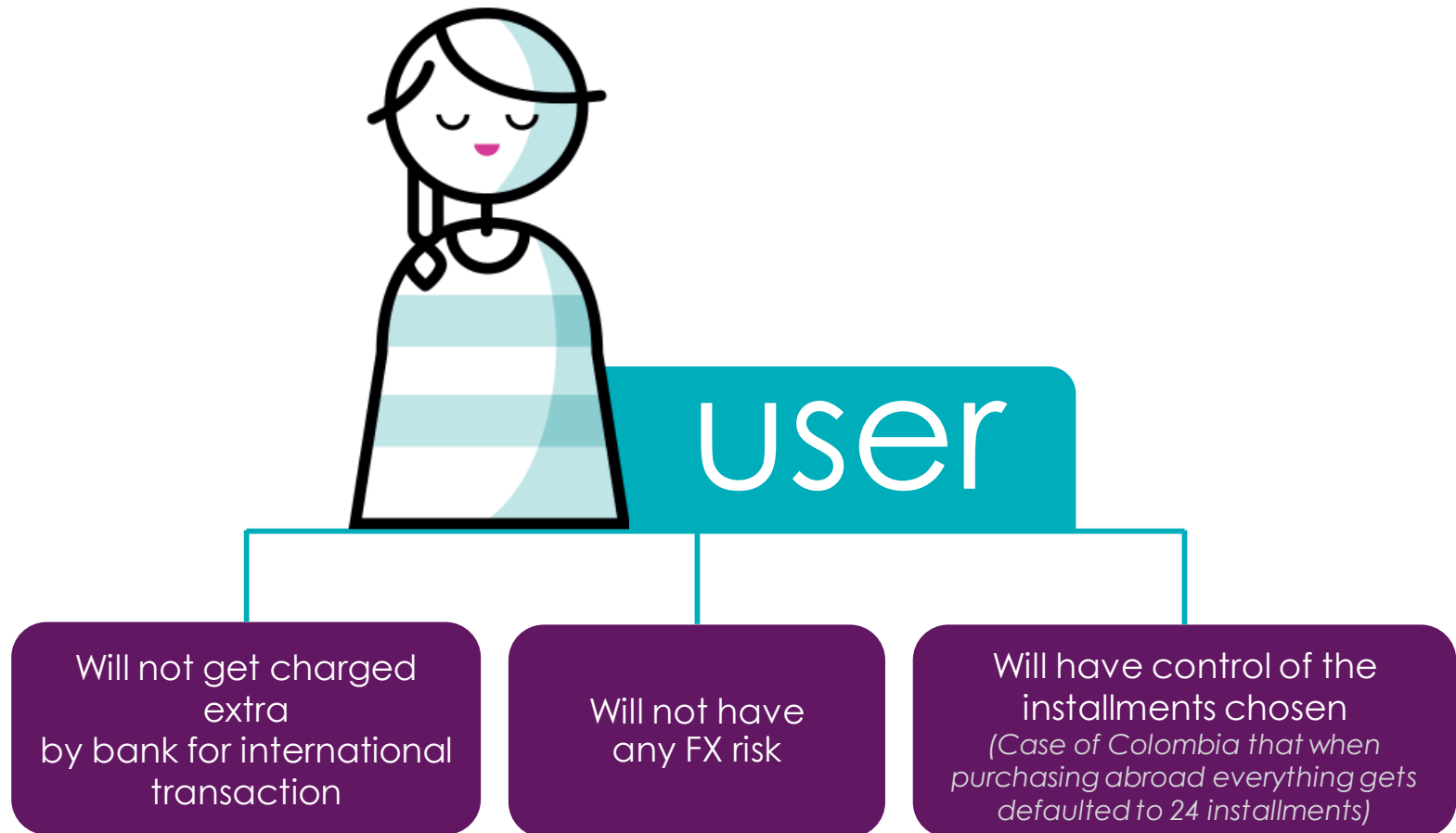


CCP: Credit Card penetration

Source: Tecnocom (2014) – informe medios de pago

\* Asociación de investigación y Estudios Sociales (GUA) \*\* According to # carholders vs population

# Local Card acquiring vs cross-border



# Offering Installments



Enabled for Visa, MasterCard and Amex



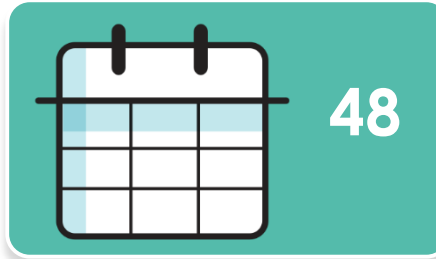
The credit risk is always **assumed by the bank**



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



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

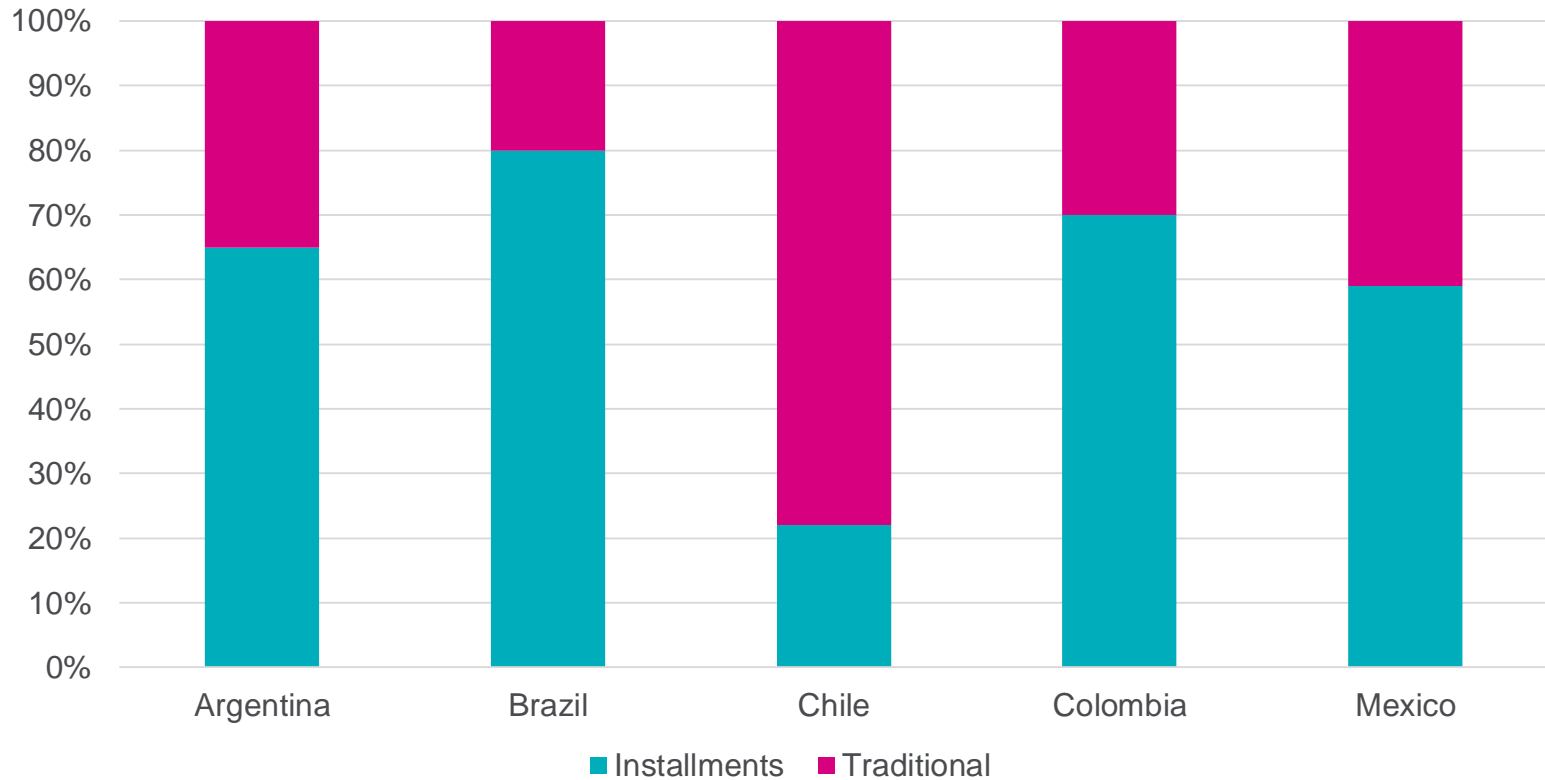


Installments go from **1 to up to 48 months**.



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.

The screenshot displays a web payment interface for a credit card transaction. The 'Opciones de Pago' dropdown menu is open, showing a list of installment options. The '47 Cuotas' option is highlighted. A second dropdown menu is also open, showing a list of numbers from 17 to 36, with 36 highlighted. An orange arrow points from the '47 Cuotas' option in the first dropdown to the number 36 in the second dropdown.

web pay

Tarjeta de Crédito

Total a Pagar \$ 567.022

Comercio : CUPONATIC

Número de tarjeta :

Vencimiento : 01 / 2016

Código Verificación :

Opciones de Pago :

Sin cuotas

29 Cuotas

30 Cuotas

31 Cuotas

32 Cuotas

33 Cuotas

34 Cuotas

35 Cuotas

36 Cuotas

37 Cuotas

38 Cuotas

39 Cuotas

40 Cuotas

41 Cuotas

42 Cuotas

43 Cuotas

44 Cuotas

45 Cuotas

46 Cuotas

47 Cuotas

48 Cuotas

Pagar

Pagar con crédito.

Nombre y Apellido :

Número de tarjeta :

Código seguridad :

Fecha expiración :

Número cuotas :

Nº Documento de identificación :

Al pagar estás aceptando los Términos y Condiciones de PayU.

Pagar

RESUMEN

Cupón

Medio de pago

Tarjeta de crédito

Monto Total

332.990

332.990

## 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

Numero de la tarjeta \*  
Numero de 16 dígitos

Numero 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
<b>TOTAL</b>		<b>\$ 47.800</b>

PAGAR

Installment  
Payment  
Process

### 1 INGRESA

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Guardar esta dirección



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### 2 SELECCIONA

Forma de Pago

Método de Pago ▾

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 1

Código de verificación \*

Fecha de Vencimiento \*

01 - Enero ▾

2016 ▾

Tu correo electrónico \*

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PAGAR

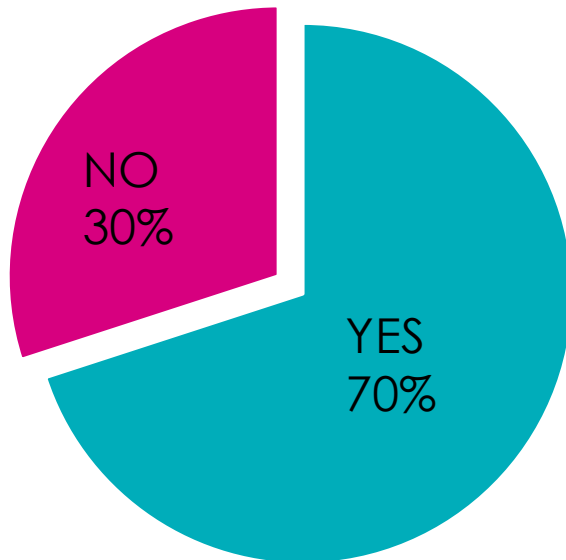
Select the number of installments

✉ Déjanos un Mensaje

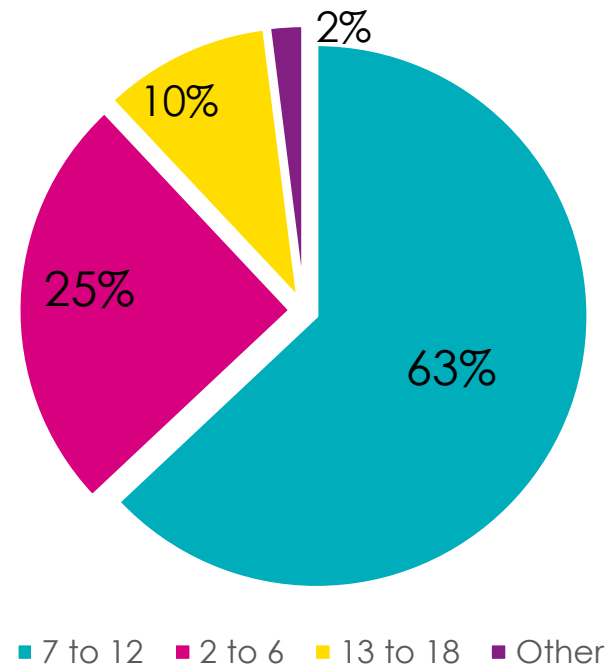
# Digital Retailers in Argentina that offer Installment payments for Digital Purchases, Dec 2015

% 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



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



COPY RIGHT © PayU


## 1 Tus datos

 [Modificar mis datos](#)



Juan Perez  
juan@correo123.com

## 2 Selecciona el medio de pago

 [Cambiar medio de pago](#)

Pago en efectivo



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:



- 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 comunicarte directamente con Test PayU Test.

La tienda donde se efectúe el pago cobrará una comisión en concepto de recepción de cobranza.



Imprimir comprobante



Descargar comprobante

**Resumen de la compra**

Referencia: referencia000123

Descripción: Producto 123 Nuevo

Total a pagar ..... MXN \$100.00

[← Regresar al sitio de la tienda](#)

Número da sua transação na PayU  
**7327332**



Seu pedido foi concluído utilizando boleto  
Agora é necessário efetuar pagamento para concluir a transação. O boleto vai chegar em seu e-mail para o pagamento.

Para baixar [clique aqui](#).

Nosso sistema identificará junto ao banco o seu pagamento e assim que compensado fará a aprovação desta transação.

 Imprimir confirmação do pedido

[Finalizar Transação](#)

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

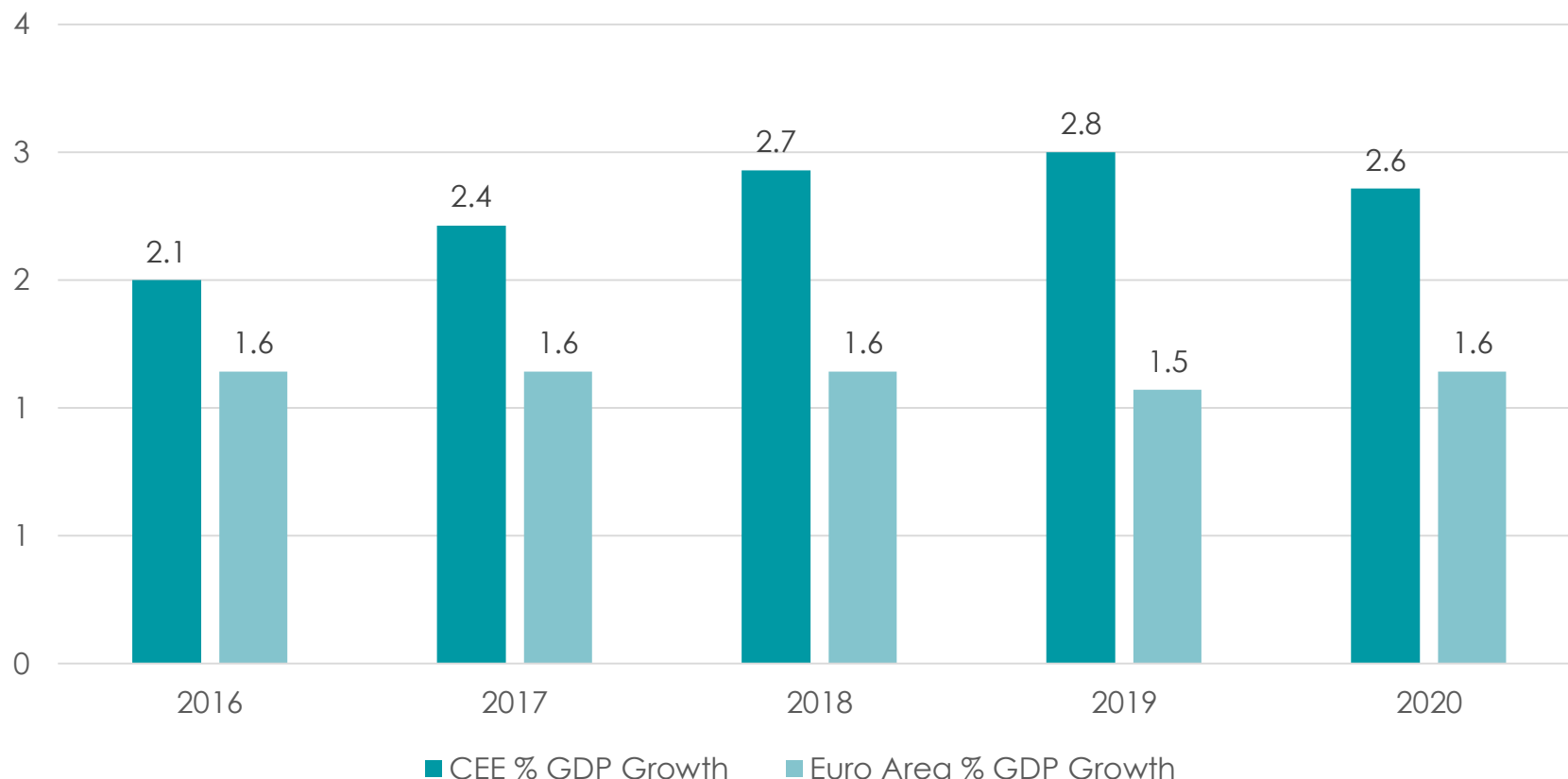


Romania: 1 – 24 month installments options



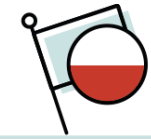
Turkey: 2 – 9 month installment options

# High Growth in CEE

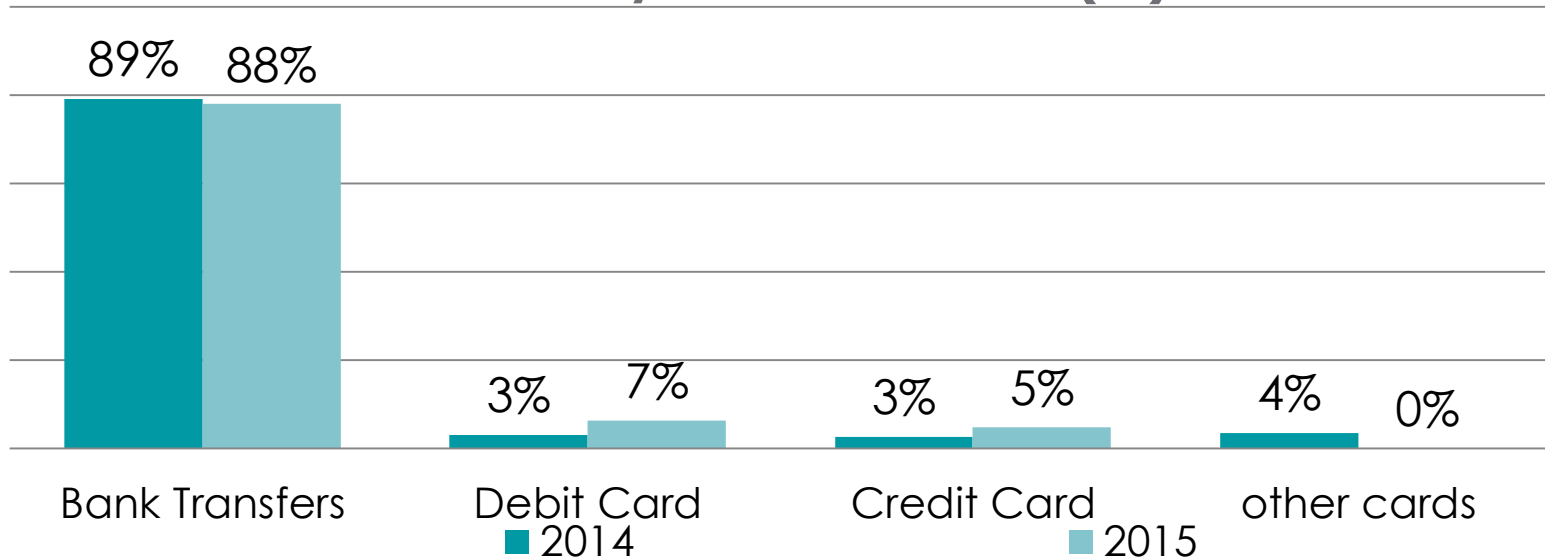


Central and Eastern Europe as a whole, is seeing steady growth at nearly double the rate of its neighboring countries to the west.

# 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

Developing  
countries

**4.5%**

Developed  
countries

**6.5%**

Turkey

**1.6%**

The  
ecommerce  
% share of  
total business  
retail

0% 1% 2% 3% 4% 5% 6% 7%

# Offering Installments in Turkey

# 88%

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

**2 – 9 month range**

**AXESS** **ASYA**card

**\*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 mayor 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 HEDİYE PAKETİ BEDELİ	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:

## Kart Ön Yüz



1234 5678 9123 4567

1234

MONTH/YEAR

VALID THRU 09/16

AD SOYAD

## Peşin Ödeme (Tüm kredi kartları ve banka kartları)

☐ 597.00 TL

Peşin Öde

## Taksit Kullanmak İstiyorum

Taksit	axess		+bonus		maximum		CARDFINANS		WORLD		ASYACARD		Paraf	
	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	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	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	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	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.

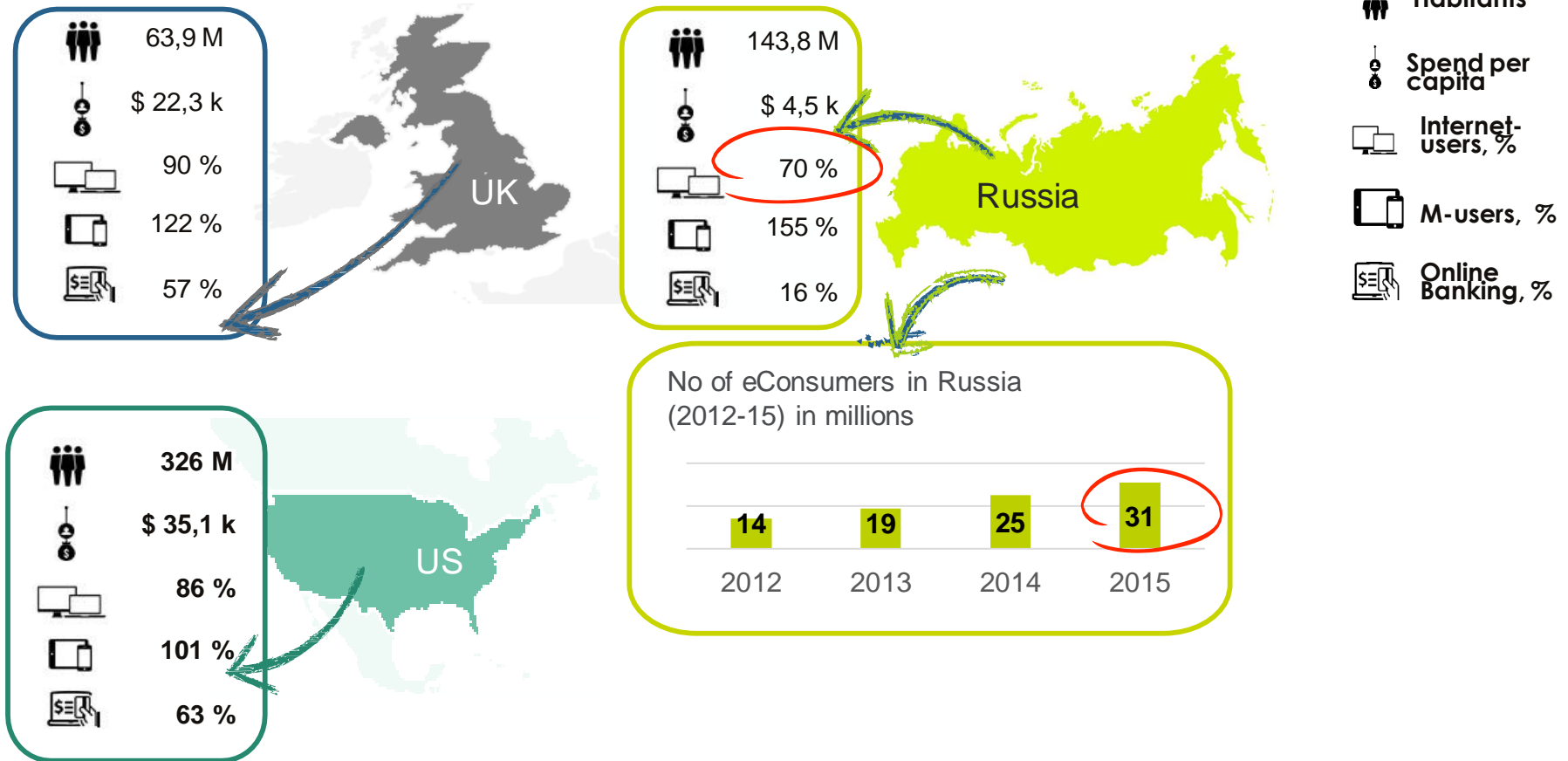


## HUGE ECOMMERCE MARKET

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



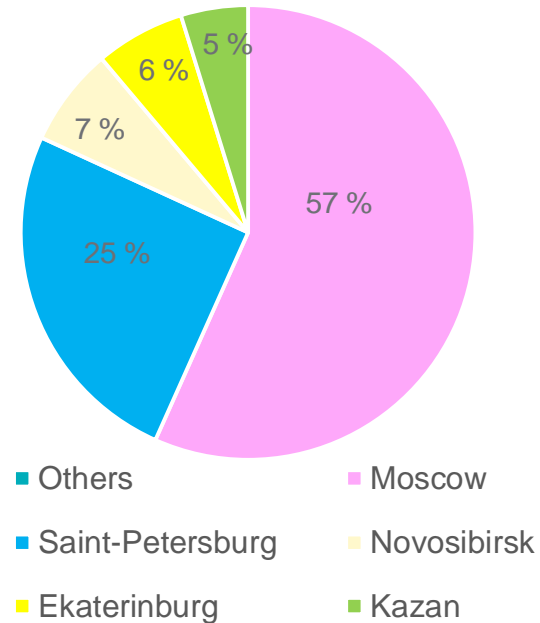
52,5%



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

## 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

*Preferred payment method in Russia*

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

# 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



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

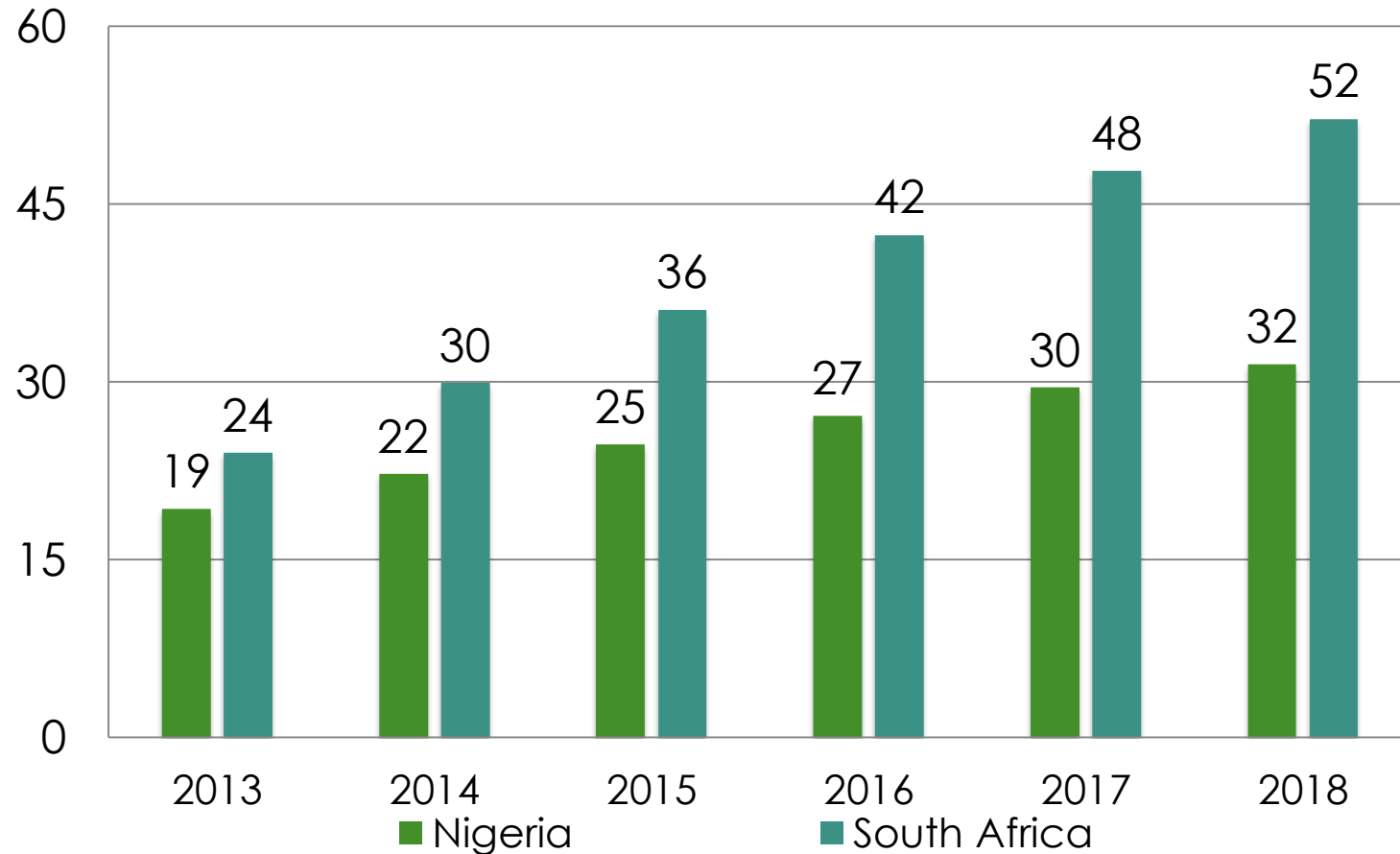
An increase of **15%** on the 2013 figure (according to InMobi)



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.

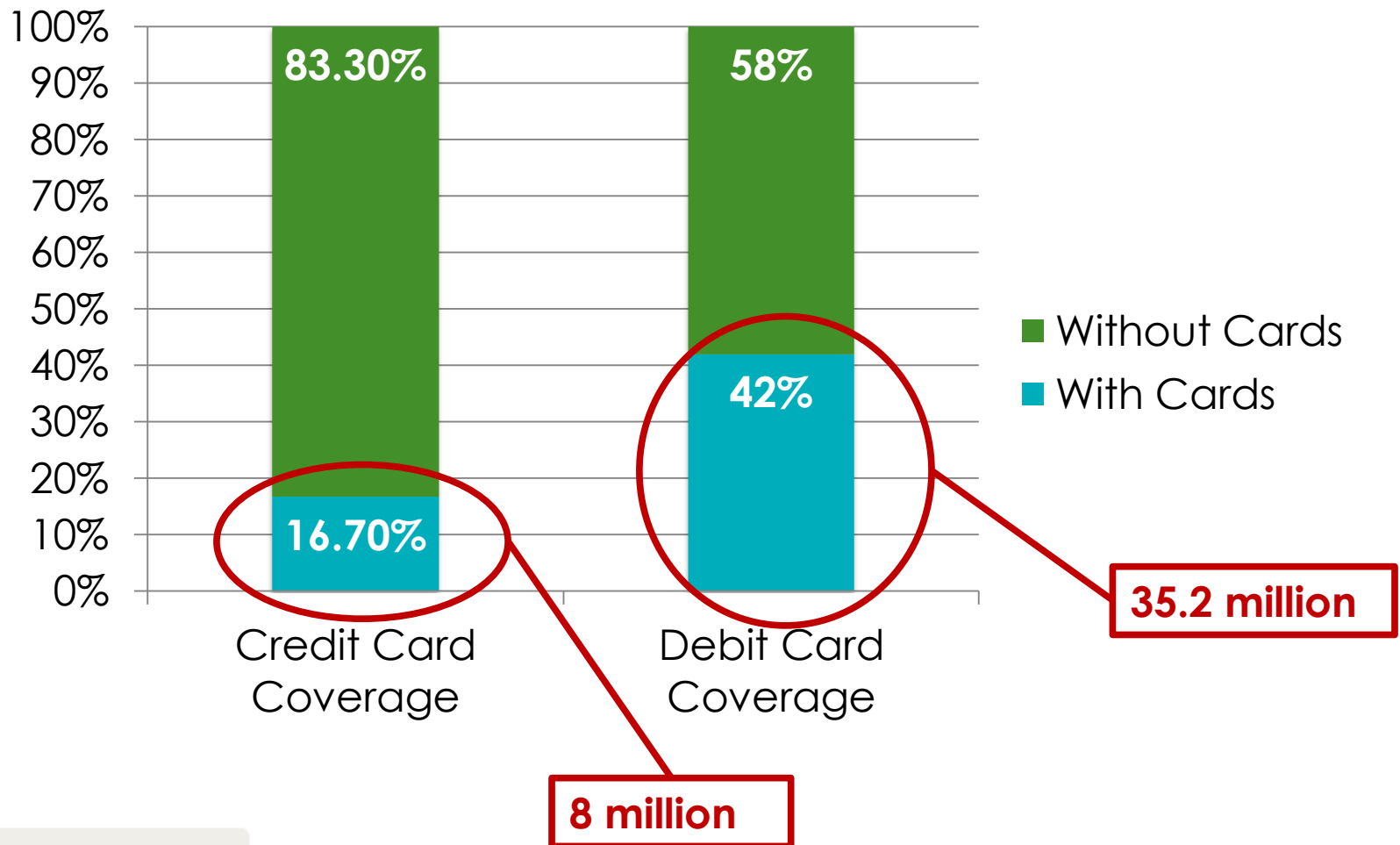
Nearly half of the adult population in South Africa have smartphones.

**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

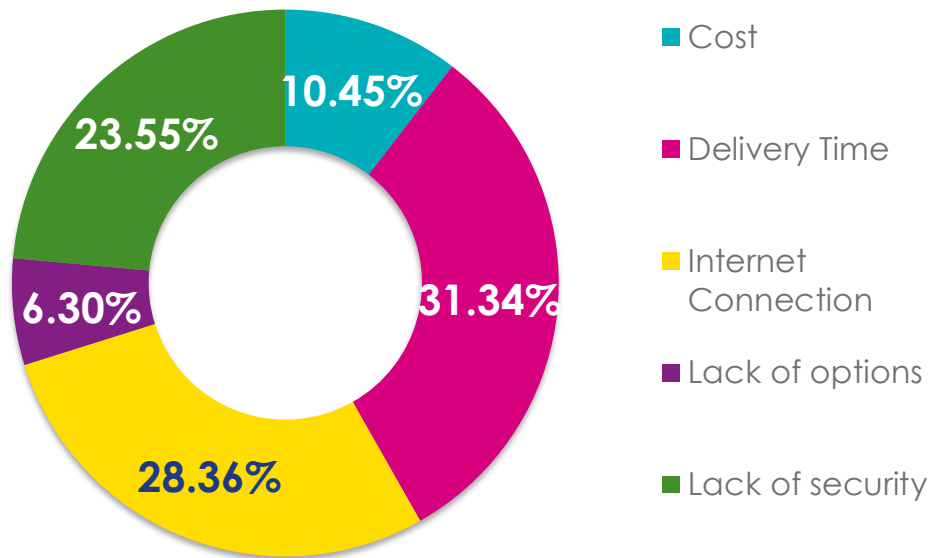
- Standard bank loyalty product
- 400k members, R170m loyalty value
- Merchant sign up controlled by Standard bank



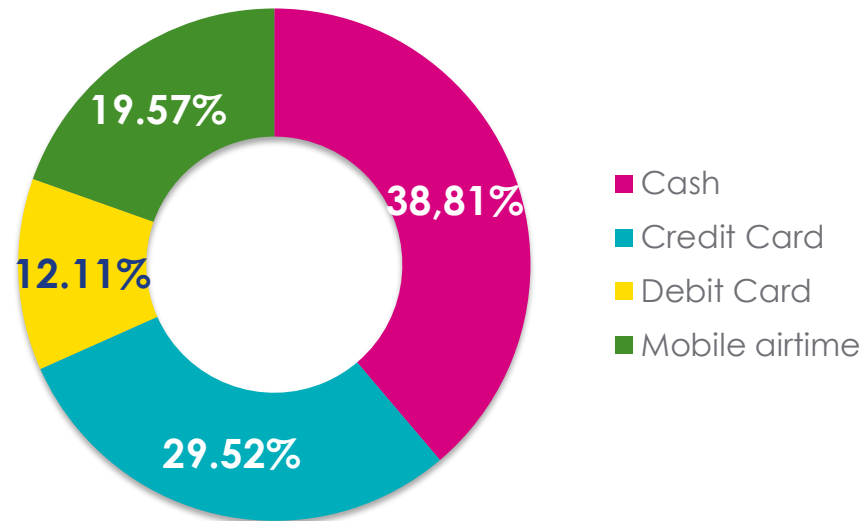
# Nigerian Payment Landscape

## Obstacle for buying products online

Delivery time is the main problem (!)

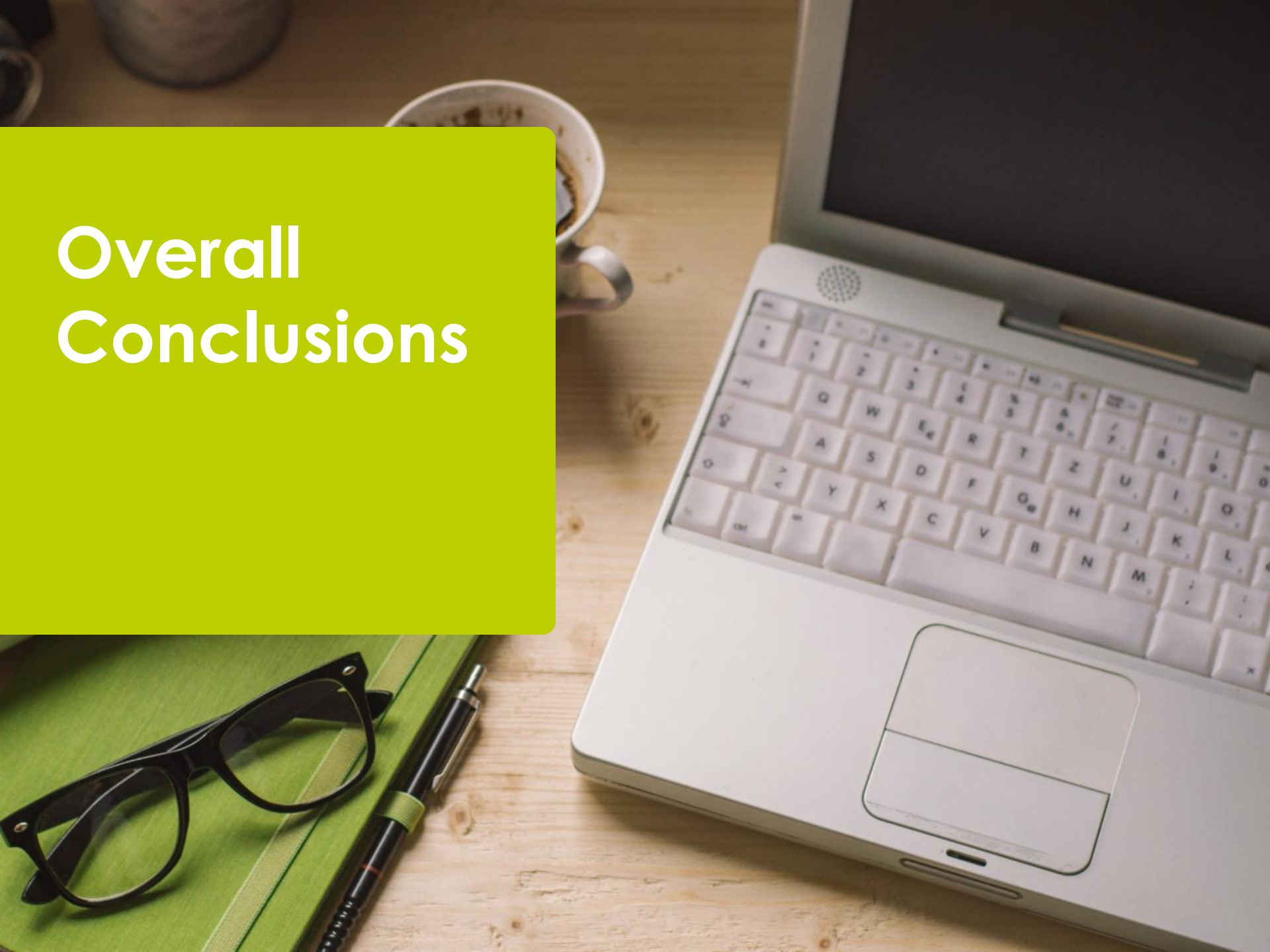


## Preferred payment methods



Source: [http://paymentsafrika.com/payment-news/infographic-e-commerce-in-africa/#disqus\\_thread](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).