

# Open Banking Report 2021

Open Finance and the Race for Relevance and New Business Models in Banking



Endorsement partners:



Key media partner:



# Worldline

## Watch Out for Account-based Payments: the New Shopping Experience for Physical Stores



**Henrik Hodam** has been working at equensWorldline for 20 years in the banking, telecom, and transport industry. He has a wide experience in instant payments, especially account-based and mobile payments as well as alias services and Request-to-Pay.

Henrik Hodam ■ Senior Product Manager ■ Worldline

The new PSD2 banking API enables third-party providers to offer payment initiation services based on account-to-account credit transfers to all types of beneficiaries. This new way of paying for goods or services has just started to take off and find its way into online and physical stores. Especially, in physical stores, it improves the user experience and reduces the risk and costs for the merchant. But there are some challenges, which will be managed as well.

Let's start with the benefits of account-to-account payments for the consumers and the merchants compared to the traditional payment methods. Besides the convenient usage via the mobile phone and the increased security (compared to cards: no storage of the card number and the usage of biometrical authentication), the consumer gets better control about his spending because the account balance can be displayed before and after the purchase. Furthermore, the consumer can make use of some additional services provided by the merchant like product information, suggested shopping lists, and special discounts as part of the merchant app. The main advantages for the merchants are the lower processing fees (no scheme and interchange fees), irreversibility of the payments, and the faster reconciliation process. By introducing payments into the merchant app, the merchant can improve the shopping experience with the provision of product information, supporting the product selection process, purchase encouragement with discounts and bonus promotions, offering credit or instalment payments.

One of the most important success factors during the introduction of a new payment method is consumer acceptance which will be mainly driven by the user experience. The following diagram shows an example of such user experience when shopping within a physical store:

As shown above, at the checkout, the consumer will request to pay with account-based payments (ABP).

To start the payment, the customer uses the preinstalled merchant or general payment app to either scan a QR code or tapping his phone on the terminal to receive the necessary payment data. During his registration within this app, the consumer selects his favourite bank account. After he has confirmed the payment data, he will be transferred to his banking app to authorise the payment. This is done according to the agreed authentication method of his bank. Finally, the merchant and the consumer will be informed about the success of the payment transaction. →

Besides the traditional payment process, account-based payments also support the combination with other additional services to increase the conversion rate. Along with account information that could be retrieved by AIS from the consumer's bank account, it would allow the merchants to offer Buy Now, Pay Later (BNPL) based on instalments of credit-based payments. Together with Request-to-Pay, ABP will allow the merchants to offer recurring payments, e.g. for subscription services.

Like for all new payment methods we also see multiple challenges, especially in physical stores. First of all, there is the need to transfer the payment data from the cashier system to the payment app of the consumer's mobile device. This can either be done by scanning a QR code or using NFC contactless technology. For both options, we can use the existing payment terminal or adopt the cashier system to display the QR code or send the NFC signal through a dedicated NFC device. Moreover, the internet connection and the education of the shop staff have to be taken into consideration. As a third major challenge, we see that not all banks support instant payments or offer them without additional costs for the consumer. To get the necessary payment notification for the merchant without instant payment, we developed the concept of 'smart IBAN routing', where the consumer transfers the money to a dedicated merchant bank at his bank (here we experience instant payment behaviour).

The WL Account-Based Payment service offers an extensive reach to many banks across Europe (already over 3,500 in 18 countries). All these banks can be addressed with payment initiation requests from their account holders via a single API supported by a variety of Strong Customer Authentication (SCA) flows. Besides the basic payment initiation, our solution also offers supporting functionalities such as payment notification, refunds, reconciliation, and the necessary compliance features such as Know Your Customer (KYC) and Anti Money Laundering (AML) to easily integrate this new payment method into the current payment portfolio.

[View company profile in online database](#)

**WORLDLINE** 

[wordline.com](https://www.worldline.com)

**Worldline** is the European leader in the payment and transactional services industry. With innovation at the core of its DNA and thanks to a presence in 30+ countries, Worldline is the payment partner of choice for merchants, banks, public transport operators, government agencies, and industrial companies, delivering cutting-edge digital services.



Worldline is the European leader in the payment and transactional services industry. With innovation at the core of its DNA and thanks to a presence in 30+ countries, Worldline is the payment partner of choice for merchants, banks, public transport operators, government agencies, and industrial companies, delivering cutting-edge digital services.

Company	Worldline
Active since	1973
Head office	Bezons, France
Founder(s)	N/A
Funding rounds and investors	<b><a href="#">Our corporate investor page</a></b>
Service provider type	<p>API connectivity for payment initiation</p> <p>API connectivity for data retrieval &amp; value-added services on the data</p> <p>Consent management</p> <p>TPP checking &amp; repository</p> <p>End-user solutions and propositions:</p> <ol style="list-style-type: none"> <li>1. account aggregation</li> <li>2. personal finance management services</li> <li>3. credit scoring</li> <li>4. cash management/treasury management</li> <li>5. lending</li> <li>6. KYC based upon Open Banking (eg age verification)</li> </ol> <p>Fraud/risk/security:</p> <ol style="list-style-type: none"> <li>1. transaction monitoring</li> <li>2. API security</li> <li>3. Strong Customer Authentication in the context of Open Banking</li> </ol> <p>Digital core banking infrastructure/platform</p>
How it works	Our Open Banking platform comes with all the facilities to manage your APIs in order to make the glue between your own resources, services exposed by partners, and Worldline assets on payment, authentication and digital services. Powerful monetisation and invoicing features are included to help you define and run new business models.
What problem does the company solve?	We offer an open platform that enables the access to the new PSD2 banking APIs for new services like Account-based Payments, PFM, or Cash Management based on our payment initiation and account information services. This platform allows also partner companies to make use of our connectivity to empower them with a European bank reach.
Types of supported APIs / API standard supported	<p>Types: API REST</p> <p>Standards: Berlin Group, Open Banking, STET, and existing local schemes like in Poland and Czech Republic.</p>

Industries / target markets	Financial institutions (banks and PSPs), Merchants, SMEs, Corporates, Telecom companies, Insurance companies, Utility companies, Transport companies, Governmental authorities
Geographical coverage (operational area)	Europe (France, Netherlands, Belgium, Germany, Spain, Italy, UK, Austria, Eastern Europe, Baltics, and Nordics)
Business model / pricing	Transaction-based pricing model
Technology	Cloud enabled
Software language	Java
Software development tools	<b><a href="#">Our developer portal</a></b>
When was the core technology developed?	The Open Banking service is live since 2019 and it is constantly improved and extended.
Do you have redundancy and coverage provided by multiple integrations (APIs & Direct Access)?	Yes, we support both APIs and other integrations with e.g. pay-pages.
How will you handle automated refunds?	We are able to support both online and offline refunds and single and bulk refunds.
How will you mitigate the risk of bank transactions failing?	There are several models available in our solution which can lead to a more or less guaranteed transaction. In the basics, there is a constant monitoring of availability on the reach of the banks and a possibility to poll the status of the transaction.
How will you reconcile payments efficiently?	The payment reconciliation is done by the PSU (incoming payments on the PSU bank account) in conjunction with the transactional data provided by the TPP.
Partners	We have partners for various use cases mainly using account information services for PFM, Cash Management, or Green Banking.
Customers / Case studies	For more details, please contact our sales team
Awards	PayTech / Ovum Innovation Award 2019 for Open Banking PayForum Award 2018 for API Management
Business revenue	<b><a href="#">Our corporate investor page</a></b>
Contact	Henrik Hodam - <a href="mailto:henrik.hodam@equensworldline.com">henrik.hodam@equensworldline.com</a>
Website	<b><a href="http://www.worldline.com">www.worldline.com</a></b>

[View company profile in online database](#)



# How Open Banking is challenging card payments?

Drive Digital Transformation to empower your API strategy.



**Comprehensive reach**  
and industrial scale

**Connect to a single API**  
and use predefined initiation  
pages for simplification

**3500+** banks  
in 18 countries

Partner with one of Europe's leading  
Open Banking Intermediaries.



**Want to know more?**