worldpay

Payment Industry Updates

November 2014

Agenda

- ▶ Who is Worldpay?
- ▶ EMV – What Is It?
- ▶ Preparing For EMV Now

worldpay

Worldpay at a Glance

Our Owners

- Acquired by Private Equity Firm (Advent International and Bain Capital) in 2010.

Corporate Highlights

- US division of third largest global acquirer*

- Support over 400,000 Merchants

- Employees number 4,100+ in more than 15 locations including Atlanta, San Francisco, Montreal, London, Amsterdam, Shanghai and Singapore

- Corporate Service Provider 2012

- "Best Payment Service Provider" at the 2014 Merchant Payment Ecosystem Awards

- Recognized as the Top Source 2014 Top Financial Services partner, Worldpay has been Top Source's exclusive payments provider for the past six years

Financial Highlights for Worldpay Group

- 2013 Underlying Revenue – $5,308 million
- 2013 Underlying Gross Profit – $1,101 million
- 2013 Underlying EBITDA – $540.5 million

Advent International
GLOBAL PRIVATE EQUITY

- 15 offices on 4 continents
- 170 investment professionals
- $32.2 billion in assets under management

BainCapital

- 8 offices on 3 continents
- 400 investment professionals
- $70+ billion in assets under management

worldpay

Worldpay at a Glance

Our System

Worldpay settles Visa, MasterCard, Discover, PayPal, American Express and WEX.

Signature-Based

- Visa®
- MasterCard®
- American Express®
- Discover®
- PayPal™
- PINless Debit
- Checks – via Certegy
- Flexible Spending Account (FSA)

PIN-Based

- PIN Debit
- National Payment Card Association
- Electronic Benefits Transfer (EBT)
- eWIC
- ATM

- Fleet Cards
  - WEX™
  - Voyager®
  - Fleet One®
  - Fuelman®
- Gift Cards – closed loop
  - Worldpay
  - SVS

Secure Payment Processing

worldpay

Worldpay at a Glance

Petroleum Market

- **Committed To Petroleum Market**

- **35% of WorldPay Portfolio is Petroleum**

- **Focused on Small Owner-Operators to Large Regional Players**

- **Petroleum-Experienced Teams to Support Petroleum Customers**

Secure Payment Processing

worldpay

Certified POS

NCR (Radiant)	NCR (Retalix)	Pinnacle Palm
	Retalix	

Ruby, Sapphire & Topaz	Comdata Smart Solution	Gilbarco Passport
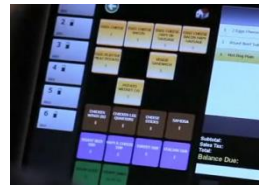
Omni Vx570/Vx610	LOC	PetroSmart
	LOC Store Management Suite	

Secure Payment Processing

A Brief Look At EMV

What Is EMV?

- EMV stands for EuroPay, MasterCard and Visa, the entities that originally pushed for this standard. Also known as "Chip and Pin" and "Smart Cards"

- Dynamic two-factor authentication.

- Card has EMV chip embedded in it.

  - Cardholder swipes card <u>and</u> either enters PIN or signs receipt (determined by Issuer)

  - Smart Card capable terminal needed to recognize chip inside of card

- Different from existing "Contactless" cards, which have a chip, but no authentication (i.e. non-EMV)

- Over 1 billion cards have been issued worldwide (15MM in the US).
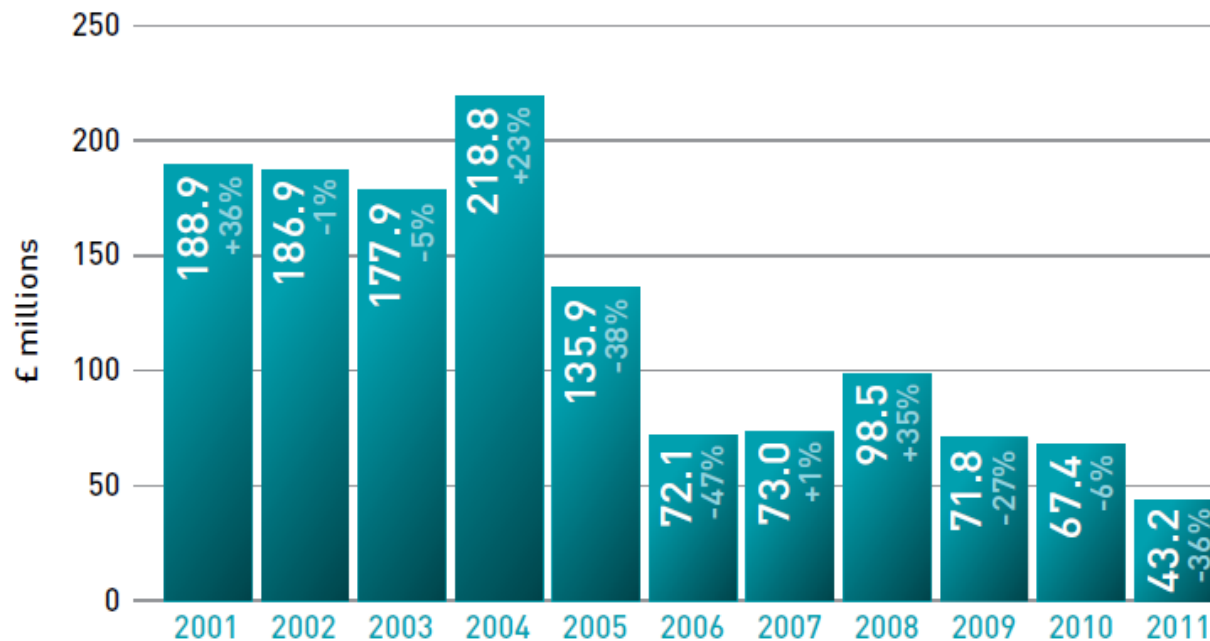
A Brief Look At EMV

EMV in the UK

Originally deployed in the UK in 2004 – "Chip and PIN" flavor

- Beginning Jan 2005 merchants bore cost of face-to-face fraud if they were not EMV compliant

CARD FRAUD LOSSES AT UK RETAILERS (FACE-TO-FACE TRANSACTIONS) 2001-2011
Tinted figures show percentage change on previous year's total

Year	£ millions	% change
2001	188.9	+36%
2002	186.9	-1%
2003	177.9	-5%
2004	218.8	+23%
2005	135.9	-38%
2006	72.1	-47%
2007	73.0	+1%
2008	98.5	+35%
2009	71.8	-27%
2010	67.4	-6%
2011	43.2	-36%

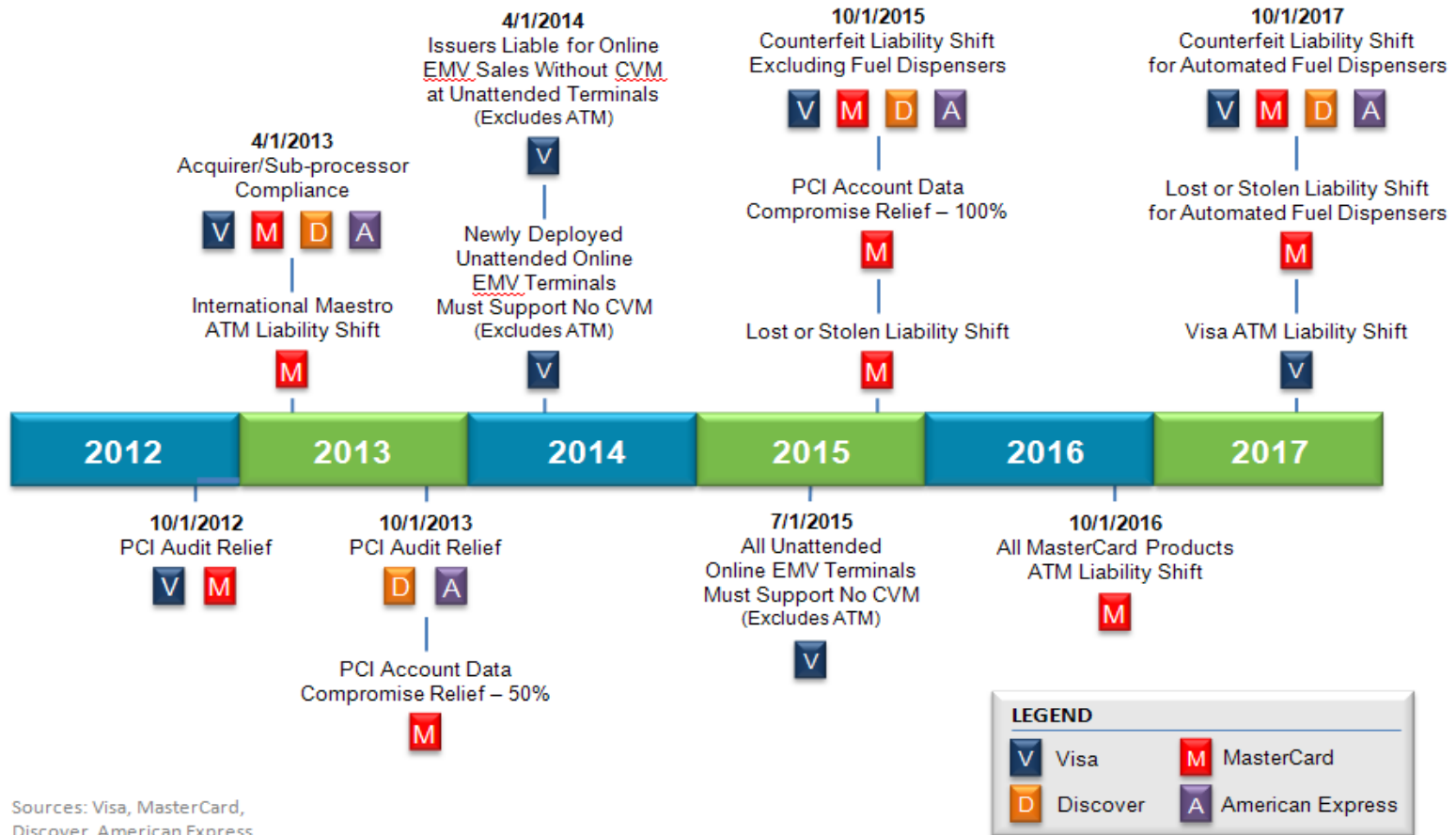Source: "Financial Fraud Action UK, Fraud the Facts 2012

A Brief Look At EMV

EMV Is Coming To The US

EMV support has and will occur over several phases through 2017

October 2015 is a key date for merchants - Counterfeit Card and Lost or Stolen liability shift

Sources: Visa, MasterCard, Discover, American Express

LEGEND

V	Visa	M	MasterCard
D	Discover	A	American Express

A Brief Look At EMV

What Is The Liability Shift?

In order to incent Issuers and Merchants to deploy EMV compliant technology:

- Following October 2015, the Issuer bears liability for counterfeit card transactions (Visa and MC) or lost or stolen cards (MC) which occur at EMV certified devices

- The Merchant bears liability for counterfeit card transactions (Visa and MC) or lost or stolen cards (MC) if the genuine card was EMV capable and the merchant did not use an EMV certified device

Note that EMV adoption is NOT a mandate for Merchants or Issuers

A Brief Look At EMV

Preparing For EMV Now

- **Be sure to consult with your vendors and acquirer now if there are any POS equipment purchases/equipment refreshes soon**

  - While EMV is still being implemented at the application level, EMV-ready hardware is available today – and any hardware MUST be supported by your POS vendor!

- **EMV will NOT supplant the need for PCI compliance**

  - Though the EMV chip will provide two-factor authentication, the "card number" itself is generally not encrypted as a result of EMV implementation

- **Card Present fraud will migrate away from EMV-compliant locations – you don't want to be the "last on the block" to implement**

  - E-Commerce transactions are vulnerable to fraud migration

EMV Implementation

Next Steps

3
Install chip-enabled terminals, train employees, educate customers and begin accepting chip cards

2
Work with your acquirer to determine upgrade requirements

1
Create a transition plan to upgrade to chip-enabled terminals

Proprietary and Confidential

Thank You For Your Time!

Questions?