



# flow

*Payment innovation drives us*

No. 4

Issue  
Winter 2016/2017



**Computop SDK**  
In-App Payments:  
Support for  
App Developers

## POS-TERMINALS

PCI P2PE: secure payment in  
bricks-and-mortar retail

## INSTANT PAYMENTS

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**RATENZAHLUNG**

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# THE END OF 'CASH IS KING'?

by Simon Zentgraf – Marketing Manager

The question 'Will you be paying by cash or by card?' is second nature to every German checkout assistant, and for good reason; according to an on-line survey carried out in 2015 by Dr. Grieger & Cie. Market Research, Germans between the ages of 18 and 70 carry an average of EUR 73.75 in cash. A figure which no doubt sends shivers down your spine if you believe that the era of cash-free transactions can't come quickly enough. Yet even in Germany – albeit at a sluggish pace – this cash-free future is gradually becoming reality. Germans already carry 30% less cash than they did in 2013, when their purses and wallets contained over EUR 100 on average.

And a quick glance around the world reveals that Germans are not necessarily typical in terms of their POS payment habits. In the US, UK, Sweden or Denmark, for example, credit cards and (in some regions) debit cards are the preferred form of payment for shop purchases, and mobile phone apps or credit cards are used to pay for even the smallest of purchases and bus or taxi journeys. The mobile POS devices so beloved by restaurants also make it easier and more convenient to pay by credit or debit card.

The fact that people are carrying less and less cash, and the corresponding rise in the popularity of cash-free payment methods, means that coins and banknotes are likely to play an ever decreasing role in Germany's future POS systems. Ongoing enhancements to POS terminals and contactless payment methods based on near field communication (NFC) technology will also help to popularise cash-free POS payments. All of which means that we may soon be hearing a different question at the checkout: 'Will you be paying by card or by app?' 

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#### Publisher

Computop Wirtschaftsinformatik GmbH  
Schwarzenbergstraße 4 • 96050 Bamberg • Germany

#### Editors

Frank Arnoldt, Ralf Gladis

#### Product Coordinator

Henning Brandt

#### Contributing Writers

CCV Deutschland, Ralf Gladis, Jan-Claire Luzarraga, Media & Co.,  
Johannes F. Sutter, Petra Wagner, Simon Zentgraf

#### Translators

Surrey Translation Bureau Ltd. • South Street • Farnham • GU9 7QU • UK

#### Printing

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#### Design

Henning Brandt

#### Photography

CCV Deutschland, ClipDealer, Computop, Fotolia, iStockphoto, Media & Co.,  
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# POS TERMINALS WITHIN THE OMNICHANNEL ENVIRONMENT

From the little home improvements store on the high street all the way to a multinational business: bricks-and-mortar trade grows hand-in-hand with e-commerce. A new generation of POS solutions is combining the most robust data security with omnichannel integration and global coverage.



POS terminals are renewed every three to five years. For many merchants, this is a large investment that means committing to one form of technology for many years to come. That is why keeping track of the latest innovations is a worthwhile endeavour. Much has happened in the last three years. A new generation of POS solutions has been developed which reduces costs and expenditure on PCI security audits and also protects purchasers' card data through point-to-point-encryption (P2PE). The corresponding POS devices not only improve security, they also enhance omnichannel retail activities because they can be used with smartphones or tablets at no great expense. And international branches also have reason to rejoice: P2PE POS terminals can now be used worldwide, offering three substantial benefits: security, omnichannel use and internationalisation.

## **Security: point-to-point encryption**

Criminal hackers are desperate to get their hands on people's credit and debit card details. That is why the

## Advantages of P2PE POS solutions

- protects customers' card data,
- protects the merchant's brand image,
- improves integration in an omnichannel environment,
- terminals can be implemented globally,
- standardisation reduces costs,
- eliminates expenditure on PCI audits.





number of attacks on POS systems in retail, restaurants and hotel chains is on the rise. Only recently, it was reported that card data had been stolen from three global hotel chains: Marriott, Hyatt and Sheraton. This isn't just an annoyance for the customers, it also damages the image of the hotels, restaurants and merchants affected.

In order to counter this loss of trust, Visa and MasterCard have introduced new security standards which protect merchants against data theft through strong encryption: Point-to-Point Encryption (P2PE) to be precise. Payment data is heavily encrypted directly on the POS terminal, with each payment being given a new key. The data is only decrypted when it is received by the payment service provider. The robust encryption means data can be transferred between any type of device on its way from the POS terminal to the payment provider, thus doing away with the need for a PCI audit as neither merchants nor hackers have access to the data. For merchants who use the PCI P2PE Standard, the need to gain PCI certification for their IT system landscape, which would otherwise be necessary, is reduced to almost zero. A couple of crosses on a PCI form is all that is required.

In 2015 one company became the first German payment service provider to become a certified P2PE solution provider. It was, of course, Computop, and with our terminals we offer POS solutions with P2PE encryption.

### **POS and omnichannel payment**

The security offered by P2PE POS solutions also facilitates integration into an omnichannel environment as POS devices can be used with any smartphone or tablet even though mobile devices are still usually classed as insecure. Thanks to the strong P2PE encryption, card data is kept secure even when the devices aren't. This means businesses are free to choose any mobile device and app for their omnichannel retail strategy.

With its new POS solution, the Computop Paygate is also set up for omnichannel payment. Computop customers can now process all payments—via POS, online or mobile—through the Computop Paygate.




This has a number of benefits: omnichannel reports and statistics also allow for analysis of sales across all channels, all branches and all online shops. The accounting team can refer back to settlement files (CTSf), which Computop has standardised for all payment types worldwide so that upon receipt of a previously unpaid statement, the status can be automatically changed to 'paid' (reconciliation). And the support team can use Computop Analytics to find not only online and mobile payments, but also data from over-the-counter trade.

### POS terminals in international branches

Payment at POS terminals in over-the-counter trade used to be an area of business with domestic focus. In almost every country, international merchants had to sign separate contracts with local service providers. This resulted in high processing costs as different terminals, reports, statistics and file formats were being used in each country, which led to a very costly IT integration process. The P2PE POS solution consigns all this to the past.

But, the new POS terminals can be used throughout the globe and together with the large selection of Computop Paygate acquirers, international branches are able to use their preferred local financial service provider. Computop Paygate is a central point of access, which means that you can choose the best acquirer for your international business without much difficulty. This offers merchants the highest degree of flexibility in terms of international expansion and optimises running costs.

The symbiosis between POS and e-commerce globally means new revenue potential can be achieved through customer-orientated sales and service features, such as In-Store Return, Click-and-Collect or Order In-Store. The available POS hardware ranges from countertop terminals for use in a till environment, mobile POS and multimedia devices to self-service terminals for machines. In addition, Computop supports 27 till solutions currently available from leading manufacturers such as IBM, Microsoft Dynamics AX, NCR and Oracle.

The next terminal upgrade is an opportunity for further innovation. Greater security, easier omnichannel integration and international coverage are good reasons to take a closer look at P2PE solutions. 



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\* Research fashioncheque MarketResponse 2008, Statista GmbH Hamburg 2012

# WHERE IDEAS BECOME PRODUCTS: COMPUTOP'S PRODUCT MANAGEMENT DEPARTMENT



**Sten Werner**

*Head of*

*Product Management*

Computop's core global payment platform can best be described as a range of payment methods and acquirer connections which currently numbers 150 but is growing daily. And a veritable universe of interfaces, specifications and services lies behind each of these payment methods. Who could possibly navigate such complexity? Computop's Product Management Department!



**Veit Schröder**

*Senior Product Manager*

Staffed by a total of five employees, the department is the central point of contact for all matters relating to Computop Paygate. As soon as the Management and Business Development Departments have given the green light to the integration of a new service, it's time for Product Management to take over. 'We make products out of ideas', says Sten Werner, Head of Product Management, when asked to describe what his team get up to every day.

The tempo—dictated by Paygate itself—is demanding, with monthly updates involving up to 30 new products or enhancements to existing services. After all, the providers of payment methods (such as Amazon Payments) or risk management services (such as ACI ReD) are also working tirelessly to keep their services up-to-date.



**Tali Seidler**

*Senior Product Manager*

This multitude of products means that there is never a dull moment for a Computop Product Manager. The to-do list drawn up by the team every morning as a roadmap for the day is often obsolete within a matter of hours as each new development brings fresh challenges with it. It is not unusual to discover that the documents defining an interface with a partner are incomplete or no longer up-to-date, that a customer's requirements for a specific product are more extensive than originally assumed, or that a new product cannot be mapped using any of the 3000 'switches' in Computop Paygate and that another extension is required.

'Effective communication is vital within my department', agrees Sten Werner. Not only at team level, so that everyone is on the same page even if different people are working on different projects, but with the other 'payment people' as well, since the Product Management department is also responsible for providing training to sales representatives so that they can competently demonstrate ready-to-use products to their customers. Close communication must also be maintained with the team of developers who translate the Product Management Department's requests into program code. One of the great advantages of working at Computop is that the developers are only a floor away, and not—as is often the case—in Eastern Europe or India.

## **An increasingly global team**

English is becoming the language of choice for communications within the department. Veit Schröder, our Product Management ambassador in the Hamburg branch, was joined in 2016 by new Computop recruits Tali Seidler from Israel and Peter Zeman from Slovakia, both of whom are based at our Bamberg headquarters. Tali previously worked for an acquirer in Tel Aviv, whereas Peter was employed by a PSP in Munich. As well as working on their own particular portfolios (integrations for Peter, fraud and risk for Tali), both are also facing the challenge of familiarising themselves with the rudiments of the German language, sometimes even slipping into a Frankish accent to match their new home.




The latest member to join the team, Tim Albrecht, is also an old hand in the payments industry. He will be focusing in particular on POS services, a field which has recently seen immense growth, whereas Veit Schröder will be working on a multidimensional product documentation database alongside his day-to-day tasks. 'We went to great effort to put together the perfect team', says Sten Werner, 'I'd go so far as to say that our Product Management team now has more expertise and experience than any other German PSP.'

### Creativity required

All five of the team members know that good preparation is essential for the rapid and efficient implementation of development tasks, but they are also aware that product testing is vital, firstly to ensure that requirements have been met and secondly to guarantee that only products which are 100% functional can reach the customer. The Product Managers have already faced some unusual challenges in this respect: for example, a recent case in Korea when it

was necessary to register with a payment institution in order to run real-life tests on a bank connection. That in itself would not have been a problem, but in this case a Korean identity card was required for registration. However, with a little creativity and a number of phone calls, even this hurdle could be cleared.

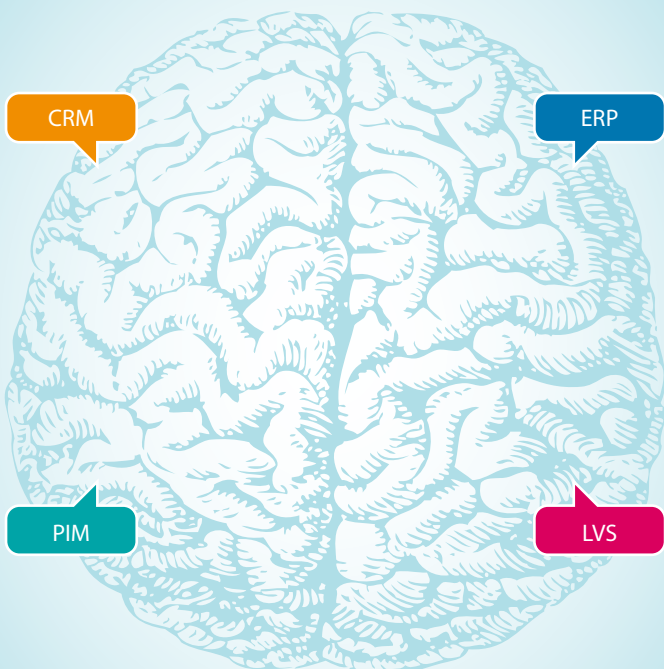
The global nature of Computop is clearly reflected in the Product Management Department; team members may spend one day at their desks in Hamburg or Bamberg, the next day visit a customer in Ukraine with a colleague from the Sales Department and the following day attend an e-commerce trade show in London for market assessment. 'Anyone who works in the Product Management department has to be prepared to deal with challenges on a daily basis, but they also have the opportunity to make a real difference', concludes Sten Werner, before returning his gaze to his screen, the roadmap for the day ahead firmly in his sights. 



**Peter Zeman**  
Senior Product Manager



**Tim Albrecht**  
Senior Product Manager



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IT-SOLUTIONS

# IN-APP PAYMENTS: SUPPORT FOR APP DEVELOPERS

To ensure that in-app payments work without a hitch, Computop is offering app developers a Mobile Paygate SDK. Not only will it reduce the amount of time spent on programming, it will also improve app quality.

Apps are popular. This fact is evidenced not only by the abundance of colourful icons we see on our smartphones but also by a recent study conducted in England, which showed that 70 out of 100 retailers offer their customers an app, whilst 43 also use their apps to sell products.

In order for an app to generate good conversion rates and significant turnover, it has to be as straightforward as possible for users. Offering a

range of suitable payment methods that have been optimised for mobile devices is a key factor. As the conversion rates of mobile orders generally lag far behind PC orders, the aim should be to avoid users cancelling their order during payment processing. But customers' demands are high and differ from country to country. Although quick and simple payments are desirable everywhere, a customer in the UK or in France is more likely to want to use Apple Pay, whilst this option is not available at all to Ger-



man customers. This is where the situation becomes confusing.

### **Less effort, greater quality, fast implementation**

Computop is now offering support to its customers and partners in the shape of the new Mobile Paygate SDK. It's a Software Developer Kit (SDK) for iOS and Android that greatly facilitates the programming of in-app payments. In future, app developers will no longer have to spend time writing queries to Computop Paygate online. The Mobile Paygate SDK will offer the app programmer access to simple functions for payment processing within their development environment.

This means that the Mobile Paygate SDK, on the one hand, reduces the time needed to develop the app and, on the other, improves the quality of the app as the functionality being used has already been comprehensively tested by Computop, thus reducing the number of errors and bugfixes—at least in terms of payment processing.

### **Keeping an eye on support and accounts**

Developing apps is a creative endeavour. Support and bookkeeping are not necessarily two things that first come to mind, but they are crucial elements. Anyone sending in-app payments directly to PayPal or Alipay might not transfer them through the Computop Paygate cashflow process and may no longer be able to find the transactions in the central reporting system. If a customer has a query, the retailer's support team might not be able to find the payments in question in Computop Analytics because they weren't processed through Paygate. To find them, the retailer's support

team would have to log directly into PayPal or other providers to establish the status of the payment. Anyone who opts to go down this route will end up with high training and process costs for support services.

Computop Reporter provides the accounts team with access to comprehensive revenue statistics. But when in-app payments take place outside of Computop Paygate, it will impact the accuracy of these statistics. Computop Paygate also produces special Settlement Files (CTSF) that include revenue data and are produced in a standardised format for all payment types worldwide. Upon receipt of payment, the accounts team is provided with a CTSF file so that they can change the status of previously unpaid orders to 'paid' (reconciliation). If a business opts not to use Computop Settlement Files for some payment types, they then have to grapple with various file formats of different payment systems such as credit cards, PayPal or Alipay. The Mobile Paygate SDK helps ensure that support processes work and that in-app payments are automatically and accurately settled within the accounts system. »

### **App-to-App or App-to-API?**

Payment handling on smartphones and tablets is much more complicated than in e-commerce. Similar to an online shop, an app can process payment methods such as credit cards, PayPal and direct debit through the Computop Paygate (app2API). There are also other payment types (e.g. Alipay and Wechat) that can be found on the customer's smartphone or tablet in the shape of an app. If a customer wishes to pay using their Alipay app on their mobile, the retailer's app must be able to communicate with the Alipay app (app2app). To do this, the app developer could use an SDK from Alipay, as well as a Wechat SDK for Wechat, resulting in a confusing mix of several SDKs which impede maintenance of the retailer's app as using several SDKs means updating your own app whenever these SDKs are upgraded to the latest version. In short, each additional SDK increases the risk of having to frequently update the app.

'It is Computop's job to minimise the complexity of payment processes for our customers,' explains Ralf Gladis, Computop Managing Director and shareholder. 'The Mobile Paygate SDK allows our retailers to integrate the most essential payment types into their app easily. This reduces the time spent and safeguards quality as Computop provides an SDK that has been tested.'



### The benefits of the Mobile Paygate SDK from Computop

- in-app payments worldwide,
- quick app development,
- quality that's been tried and tested,
- improved support processes,
- standardised reporting for accounts

# PAYMENT AROUND THE GLOBE

Are you familiar with Computop International? That was the question we asked in the first edition of flow customer magazine, which first appeared three years ago. If you were able to answer 'yes' to this question back then, you wouldn't recognise Computop International as it is today. André Malinowski, Head of International Business since October 2015, has initiated plenty of change; the teams have grown and so too has the international side of our business.

These changes become most notable when casting a glance at Computop China. After the Hong Kong site lost its initial edge in terms of legal and online security, the office was merged with the site in Shanghai. Representatives from each department can now be found in the Chinese office located in the centre of Shanghai: Gavin Zhong serves as Vice President Sales and advises retail and financial companies, Sherry Li is the point of contact for queries regarding support, and Xinwen Wen and Michael Wu are developing the Chinese branch of the Computop Paygate. Bettina Spindler, a German colleague with years of experience in China and a fluent speaker of Mandarin (as well as a master of the Shanghai dialect) heads the office with the support of Eva Ling, who as Operation Manager handles office and marketing tasks.

The biggest change, however, affects the customers themselves, as André Malinowski explains: 'In the past we offered support to western

companies starting out on the Chinese market, but now we also work together with Chinese banks and payment service providers to help their merchants achieve global coverage'. Expanding the company's customer base in this way is perfectly aligned with the Chinese economy's drive towards being more than just the world's workshop. In fact, many companies are repositioning themselves as exporting brand manufacturers who are looking to take advantage of sales opportunities on those international markets where they often already supply goods indirectly through western brands.

For example, a manufacturer of consumer electronics and products for virtual reality imaging can, with the help of Computop China, cast its net out to Australia, Europe and Russia. During this process, Chinese banks act as resellers and also handle foreign currency processing as well as administrative tasks, whilst using Computop for their payment processing needs.

'From a Chinese company's perspective, we can offer two benefits,' explains André Malinowski. 'Firstly, the "Made in Germany" brand still has a good reputation in China. Secondly, Chinese merchants trust us because we have an office in Shanghai and we employ Chinese colleagues, so when they need support, they are dealing with Chinese members of staff.' The technical connection also adds to the company's good name: by operating a datacentre in China and with a newly installed dedicated line between Shanghai and Germany, Computop is able to process payments both domestically and across borders without any delays.

And what does the future hold for Computop China? 'Many more exciting projects,' André Malinowski states optimistically. No wonder: following the successful integration of Car2Go China, the Daimler Group's car sharing service, Computop is open to more large-scale international projects. As for China, we can look forward to working with a large Chinese marketplace including access to their own wallet.




### USA: closely linked to the top 10 banks

The challenges Team USA is facing from its office in New York are quite different. 'As the North American market is almost exclusively focused on credit cards and PayPal, it is difficult for us as a payment service provider to compete with the major local acquiring banks,' explains André Malinowski. That is why Computop enters into strategic partnerships with these acquirers and helps them to facilitate their customers' global expansion. US merchants in particular appreciate one-stop-shop solutions that offer simple processing. The Computop Paygate solution brings together the many different payment methods for their targeted export markets in Latin America, Europe and Asia in one standardised interface. Local acquirers are available for credit card sales and they can usually better the cross-border fees offered by North American banks.

On the other hand, European companies looking to establish themselves in the USA are unlikely to need diverse payment options but require equally good acquirer terms as well as support during the closing of contracts. Here Computop has integrated the top 10 banks under very favourable conditions so that merchants have the freedom to choose the option they feel is best for them. This often sets them apart from providers with integrated collecting, where merchants are tied into the financial service offered by the PSP.

With two new team members, the US subsidiary Computop Inc. is ideally positioned for the next challenge. Financial service providers who would like to pave the way for their merchants to access new markets are offered support by Briana Kovacz, our Partner Relationship Manager in Denver. In San Francisco, Jean-Francois Cornil will be taking care of merchants, mainly from the west coast, who are looking for a direct route to Europe, Latin America or Asia. On the east coast, Jan-Claire Luzarraga is in charge of contacting technology partners, as well as international marketing and PR.

### UK: in the shadow of BREXIT

Team UK, the subject of an in-depth portrait in our last issue of flow, is facing unexpected challenges. Since the British voted to leave the EU, customer meetings are now frequently taking place against a very different backdrop. Led by UK Managing Director Stephen Berry, the team advises customers such as veterinary medicine provider MedicAnimal or social network badoo on what changes to expect regarding relations with the continent. But every cloud has a silver lining: the fall in the value of the pound has made online shopping even more attractive in the UK, and cross-border business is a specialist field for every Computop team. 

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# WINNING THE CUSTOMER OVER

GLOBAL



Whether MMORPGs (massively multiplayer online role-playing games), civilisation-building strategy games or first-person shooter games, a large number of PC, console and mobile games are becoming real money spinners for game studios

Whenever new players register who want to use the features for which there is a charge, the success of a blockbuster game hinges on the local payment methods that are popular with consumers and secure payment processing. Games are reaching a wide range of different users, and thus different payment cultures too, through their worldwide distribution over the internet. In countries such as Brazil, Mexico and Argentina in particular, there are payment methods whose usage is restricted to a certain area and which are primarily used by gamers who do not trust credit card payments. Because of this there are different payment preferences depending on the gaming platform. For example, the preferred payment method for mobile games differs from the preferred method for online browser games. The gaming market is fragmented, with products split over PC, smartphone, and console platforms. As such, successful game producers consider a high rate of conversion to be key.

Leading game developers and publishers Bigpoint and Wargaming were well aware of the challenges involved in offering players comprehensive payment processing tailored to local circumstances. Both companies offer gamers free-to-play online games that can be downloaded and played free of charge. By paying for premium membership or to unlock optional bonus items, players can take advantage of special abilities, weapons, tools, or other features, but now successfully handle payments from more than 500 million

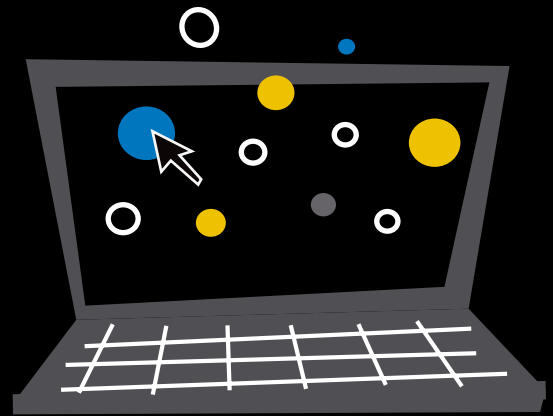


registered players in the main markets around the world—including Europe and North and South America—using local and international payment methods. In Computop, the two game developers have found a partner with a great deal of experience processing international payments.

Matthieu Chappelle, Deputy Head of Global Payments at Wargaming explained: 'After reviewing the whole of the market, we chose Computop because of its technical expertise and integration track record. It's saved us time, reduced our costs and have greatly increased our stability and availability.' Nils Plohmann, Lead Payment Manager at Bigpoint GmbH, also values the successful partnership with Computop: 'In Brazil, for example, Computop has enabled us to team up with PagBrasil, a specialist provider of local online payment methods popular with Brazilian consumers. Following the switchover to payment using PagBrasil, our online transaction conversion rates experienced a major increase.'

It is not just about having the right combination of payment methods though. An extensive range of acquiring banks give game developers the necessary flexibility to switch with ease to providers offering the domestic payment methods that they need to generate increased conversion and acceptance rates. The Bigpoint team responsible for payment processing found that changing acquirer would significantly increase the conversion rate. 'With Computop's assistance, it's been easy for us to evaluate if migrating to Chase Paymentech would deliver more appealing payment options for US players. The results were impressive, generating a 20-30% jump in conversion rates in what is one of our Top Five global markets,' explained Plohmann. [C](#)

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# AT HOME WITH POINT OF SALE

Online, stationary, contactless, unattended – nowadays, paying comes in many different forms. Online shopping is also becoming increasingly important in a location-independent, mobile world of consumption. In contrast, perspective and advice of every POS service provider also has to extend beyond the straightforward payment. CCV Germany has been operating in this market for over 20 years and supports retailers with new solutions so that they can perform successfully in the changed world of consumption.

CCV has more than 20 years of experience in payments—years of technical innovation and change in the world of retail. The digitalisation of the point-of-sale took off with the introduction of the EC card (now known as the 'girocard').

This saw the introduction of the first mobile terminals, which were initially as cumbersome as the first mobile telephones, but like telephones, have become far more compact and sophisticated over the course of recent years. Point-of-sale terminals have also developed. While hybrid card readers—combining chip and magnetic card readers—were long considered state-

of-the-art, these days security concerns mean that separate readers are preferred. And then there is the contactless reader which is now a fixture in the world of retail, and which is currently revolutionising the world of payment, enabling the customer to pay by simply placing their NFC-capable card or smartphone on or adjacent to the reader.

A further development which has been actively driven forwards by CCV and on which many major retail groups have placed their trust is the cashless, server-based payment system 'CCV acCEPT'. The PIN pads at the POS only function as data entry devices, while







the intelligence of the payment system is to be found on the server. Updates can be distributed to several devices in a matter of seconds, while the installation and maintenance are simplified considerably. CCV now has a market presence that encompasses over 600,000 CCV terminals worldwide.


A lot has changed since CCV launched its first debit card reader. Digitalisation in the world of retail has been given a big boost with the onwards march of the smartphone and apps, while consumer behaviour has also changed.

As a payments services provider, CCV is rising to today's challenges with its long standing experience to provide the world of retail with active support on its path towards new sales concepts and customer loyalty measures.

#### **Trade cash registers off for iPads**

In addition to the choice of payment terminals, CCV also offers a new POS system known as 'SalesPoint', whereby the retailer not only swaps their cash register for a multi-purpose iPad but can also evaluate all of the customer data they have gathered with the back office program 'MyCCV'. The ability to link with their own web-shop is an important advertising component in attracting the new 24/7 customer. For this purpose, CCV not only offers its own web-shop system, but can also create its design upon request.

Moreover, CCV is also a specialist in the world of unattended payments. Automatic payment points – such as the internet – cover an offering which is not limited by opening hours and with the advantage that the product is immediately available. Butcher's shops, for instance, are also making use of this innovation by offering refrigerated products for sale in vending machines during the summertime barbecue season. The customer can simply pay with their card or smartphone. This is an offer that every BBQ fan knows to value on a hot Sunday afternoon!

For CCV as a service provider with a comprehensive view to the world of retail, its partnership with Computop that has been up and running since April 2016 is of strategic benefit. This partnership not only brings together two longstanding payment specialists and their know-how, but a significant degree of added value has been achieved by connecting the certified point-to-point encryption at the CCV terminals. In this way, P2PE protects retailers against data theft and also avoids costly PCI certification. 

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# UNLIMITED SHOPPING – MARKETS WITHOUT BORDERS

40 percent of consumers in Austria, 21 percent of the Dutch, 19 percent of the Swiss and 12 percent of the Germans are buying products from online shops from outside their home country. So far, none of the existing payment means appeals to all customers alike. By accepting Visa and Mastercard, a merchant is certainly well placed for his first steps abroad. But the better the payment options are tailored to the target markets, the better the chances for a web shop to satisfy his international clients.



**by Johannes F. Sutter**  
Head E-Commerce  
at SIX Payments

Payment methods must meet a number of requirements: they must fulfil high security standards, their integration should require as little effort as possible, they must have a positive impact on the return rate and must last but not least be cost-effective. In order to cover the various aspects of the payment means that are currently available, most online retailers opt for a 'healthy mix'. According to the EHI study 'E-Commerce Market Germany 2015', the thousand largest shops offer an average of 6,6 different means of payment.<sup>1</sup>

When expanding into other countries, payment is a major challenge for an online shop. The integration of national payment means that the respective country's consumers have a natural affinity to, can turn out to be highly demanding. In Austria this is e.g. EPS, in the Netherlands the brand is called iDeal, or Paydirekt for foreign online shops venturing into Germany. Quite some effort may go into complying with the specific regulations of a country: a local bank account, sometimes even a local legal entity. When trying to avoid this effort, one should at least complement the traditional credit card acceptance by also accepting debit cards, e.g. Maestro, that have become more and more popular in e-commerce, too.

## **PSPs are supporting Merchants**

An experienced international Payment Service Provider can help by proposing the perfect payment mix

after analyzing the customer base of an online shop. In addition, providers are offering a variety of solutions from a single source and also provide valuable insight and expertise, e.g. when it comes to technical aspects of interface compatibility, or even international customer relationships.

A strong partner can help with the payment mix as well as with risk management. Especially when entering new geographies it is important to strike the balance: how to configure optimum fraud protection without putting off potential customers by having too rigid rules in place?

## **Well equipped with customized advice**

Merchants who find their perfect payment mix are usually rewarded with increased revenues in their target markets. Manifold customer requirements must be aligned with the merchant's own demands regarding cost-effectiveness on one hand and the security of the payment methods offered on the other. By providing advice, intelligent algorithms and a specialized infrastructure, Payment Service Providers can support merchants to find internationally viable solutions that facilitate the virtual step across borders. ☞

<sup>1</sup>Payment im Online-Handel: Rechnung punktet mit Kundenfreundlichkeit, PayPal und SOFORT Überweisung mit Schnelligkeit  
<http://www.ecckoeln.de> EHI Retail Institute, 2015

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# A LOOK BACK ON PLANET TRADE 2016

In April, over 180 representatives of service providers in the business, finance and technology sectors joined Computop in a venue high above the rooftops of Hamburg in order to spend two days finding out more about key industry trends and topics.




Planet Trade 2016 was a resounding success, not only because its attendees were treated to a wide range of presentations and workshops, but also thanks to an evening programme which provided opportunities for fun and networking alike on board the historic sailing ship Rickmer Rickmers.

Audiences enjoyed 16 expert presentations and workshops on the latest trends in the world of payment and commerce, as well as a keynote speech by Masha Cilliers—a UK-based payment expert with a typically British sense of humour—which provided analytical insights into the future of purchasing.



Planet Trade attendees also heard high-profile representatives of leading companies such as Discover, SAP, CardinalCommerce, OTTO, CEWE and Bigpoint speak about their experiences from the field, and Computop provided updates on new PCI P2PE solutions for integrating POS terminal payments into Computop Paygate and the latest extensions to its multichannel platform. 'Planet Trade opened my eyes to the sheer range of providers and payment methods, and to the latest trends on the horizon,' said SAP delegate Fadi Naoum, whose enthusiasm was echoed by Markus Heise from HypoVereinsbank; 'Planet Trade always leaves me with plenty to think about!'

All that remains to say—after a special thanks to our main sponsor Discover and the other 15 partners who made the event possible—is roll on Planet Trade 2017 in Berlin! 

Live impressions online: <http://computop.com/nc/us/media/media-center>



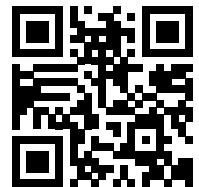


# PlanetTrade<sup>17</sup>

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# FOCUSED ON COMPLETE SECURITY

German banks aim to take on a pivotal role within e-commerce payment processing with the application of paydirekt. Computop is the first payment service provider to incorporate the new payment method into its portfolio and was there on the day the system was launched. With Computop as a ‚concentrator‘, it will now be even easier for numerous merchants to get on board with the new payment system.

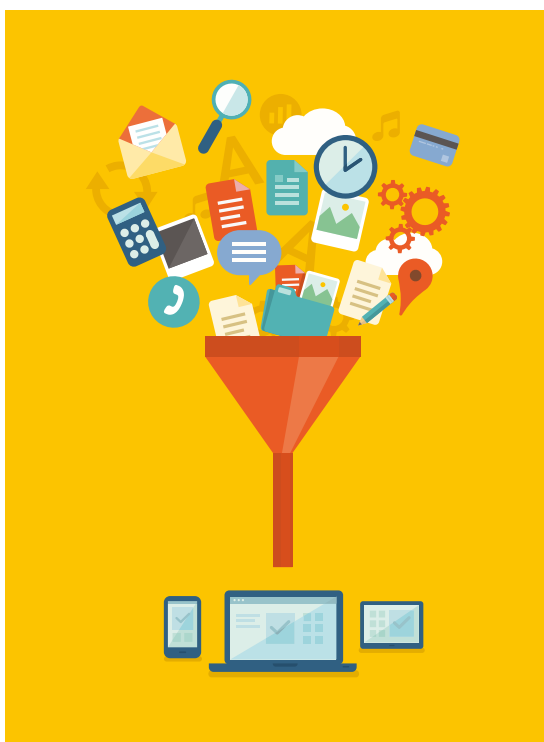
The team that came together with the mission to launch paydirekt certainly is an interesting mix: leading German private and cooperative banks along with savings banks—institutes that usually compete fiercely against one another—joined forces to bring a completely new payment method into being in autumn 2015. The idea was for the group to create their own solution to counter the supremacy of American service providers such as PayPal, and right from the start the alliance made a compelling case, particularly

in terms of data protection, banking confidentiality and customer base.

However, in order to pre-empt the restrictions they suspected the Antitrust Agency might impose, paydirekt insisted that each merchant wanting to use paydirekt negotiate individually with the participating banking groups and sign separate contracts. Quite a number of the larger merchants thought this demand would hinder their integration of paydirekt into their payment portfolio.

But after the payment method was more intensively promoted, including by the banks (after all, it has the potential to be used by over 50 million account holders), interest amongst consumers rose, and merchants wanting to capitalise on this growing interest now have a much easier path. The participating banks have named Computop as their chief negotiator, which means the payment service provider will act on their customers' behalf to negotiate agreement terms. It also has the ability to close the necessary contracts as a merchant ‚concentrator‘.

This sees administrative processes adopting what has, in terms of technology, long been a PSP's bread and butter: offering a wide range of services through a single interface; making complicated things easy. Computop customers benefit from this combined strength with low transaction fees and agreements with associated banks that no longer involve a race through a maze of rules and regulations. »





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Payment Services



# NEW PROSPECTS FOR BUSINESS

The hot new product on the market: 3D virtual reality glasses like those recently unveiled by Samsung to much media fanfare. Access to this shiny new electronic world is now within reach for a mass audience, with smartphones now capable of virtual displays. While the electronic and print media are currently viewing these new prospects primarily from an entertainment perspective, trade professionals are already taking a wider view, envisaging virtual shop shelves and 3D product views. At Planet Trade '16, a recent international trade conference in Hamburg organised by payment provider Computop, VR glasses were already firmly on the agenda, as well as on visitors' heads.

These technologies provide exciting opportunities in terms of bringing visual representations of goods more in line with their physical reality, which is a particular plus for mail-order and e-commerce companies. With the 3D glasses on, the customer can simply walk

around the mannequin in the online store and have a good look at that trendy t-shirt they like from all sides. If the customer can't quite picture a new armchair in their living room, they can simply upload a photo of the room; the rendered environment will then select the right colours and virtually add the new furniture to the room.

Applications like these open up new possibilities for online purchases, but also present new challenges at the checkout: entering billing and delivery addresses is far from plain sailing in virtual space and media disruptions are to be expected. Straightforward navigation and easy shopping also call for simplified payment processes. The integration of one-click checkouts seems perfectly suited to virtual shopping experience. 'Payment methods such as Amazon Payments or PayPal Express are intended to enable payment with one click, which includes importing billing and delivery addresses', says Stephan Kück, CEO of Computop.







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For this reason, these one-click buttons are being brought ever more to the fore: by positioning them in the shopping cart or even at item level, innovative payment schemes are hoping to appear on the screen as early as possible in the payment process. As well as aiming to stay one step ahead of other payment schemes, this is also backed by a desire to make things simpler for the customer: by clicking once on Amazon Payments or PayPal Express, customers avoid the laborious process of entering large amounts of data, as their address and preferred payment method, including card number, are already stored there. Shopping in the virtual environment: where the push of a button – or the nod of a head – will suffice.

Despite all this, there is no need for this shiny new shopping world to remain purely virtual. There are also opportunities for traditional fixed retail outlets, the more innovative of which have long been seeking opportunities for digital enhancement. Those merchants wishing to bridge the gap between shop and e-commerce, are already offering their customers the option of ordering items they do not have in the store via tablet; this can be done at the customer's leisure – in a seated area next to the changing room for instance – payment included. It may not be long before this variant of online shopping is offered in the changing room itself, with the user able to use their VR glasses to view a 3D representation of the freshly ironed summer collection, while the slightly crumpled, genuine article lies limply next to them on the t-shirt pile.

Multichannel as a virtual payment experience can work, as long as the processes are cleverly coordinated. They need to be straightforward and secure for customers and merchants alike. For the latter, this means investment in devices for virtual rooms, and also in secure payment handling with P2PE-certified terminals, which have been developed to meet today's data security requirements. The organisation will also need to be adapted; if a business wants to attract customers to the shop for online shopping, they must also be prepared to deal with the customer potentially wanting to exchange items delivered to their home in store, including payment.

In order to process these cross-channel payments, payment service providers are also reorganising themselves. PCI P2PE (point-to-point encryption), which establishes a secure connection between the point-of-sale terminal and the payment service provider, is obligatory here in order to free the merchant from the costly obligation of obtaining PCI certification and to prevent fraud. The consolidation of all payment flows and standardised settlement across all payment methods makes bookkeeping easier in day-to-day business. Uniform reporting of all transactions, which also generate revenues, gives management an overview of all sectors of their trading operations and enables them to react swiftly to changes in sales and demand, in the real world, with or without glasses. 



# 'INSTANT PAYMENTS' – ARE WE BOUND FOR A CASHLESS EUROPE?

How the EU is preparing itself for a society without cash, and what that means for businesses and consumers. Computop is working towards the integration of instant payments.

Alternatives to cash are still lacking in Europe—but not for much longer. Although debates around the idea of a cash-free society gathered pace when the EUR 500 note was abolished in spring, these were still jumping the gun somewhat. In order to do away with coins and notes entirely, electronic payment methods which function quickly, reliably and cheaply all year round must be available to everyone. This is not yet the case, as the following two examples show: money which is moved to another EU Member State can take days to show up in the recipient's account, even though the actual electronic transfer takes fractions of a second. Also, no transfers whatsoever take place on Sundays and bank holidays, which—only counting the 52 weekends each year—amounts to 104 days on which money cannot be transferred. It's hard to think of a reason why this should be the case.

There is also a political dimension to the issue, since almost all credit and debit card payments are handled

via the networks of US-owned companies (Visa, MasterCard, Amex and Discover/Diners). This even applies to local debit cards such as girocard/ec-Karte in Germany, Carte Bancaire in France or Dankort in Denmark, which may appear local but are in fact operated by MasterCard or Visa. If cash were to be abolished today, virtually all card payments in the EU would pass through US-operated networks; it is for Europe's politicians to decide if such a level of dependency is really wanted.


One decision, however, has already been reached—namely that Europeans will be able to use a new 'instant payments' system from 2018. This decision was motivated by a number of considerations, chief among which were the following:

- Broad reach: instant payments can be used by anyone with an EU bank account.
- High availability: payments can be made 365 days a year.

- High speed: payments must arrive in the recipient's account within no more than 10 seconds.
- High penetration: instant payments will be multi-channel enabled and available at POS terminals, on mobile devices and in e-commerce.
- Reasonable price: banks must not charge a premium for instant payments; instead, the fees charged must be similar to those for other transactions.

This represents a major challenge for banks, but instant payments are a blessing for the European economy, not least because the instant crediting of accounts will result in liquidity increases worth billions. Some of the changes will also be very practical in nature; for example, it is often the case that lorries are not unloaded immediately on arrival at their destination because the goods have not yet been paid for. Instant payments mean that the money can be transferred within 10 seconds at any time of the day or night. Treasurers appearing at conferences have already made it clear that they anticipate the introduction of weekend staffing rotas for their departments.



Around 40 of Europe's largest banks are currently involved in the project, and although participation is still voluntary at present, all banks will be obliged by law to offer instant payments from 2018 onwards. A number of large retailers are also taking part in the pilot scheme. Computop, too, is working on ways to integrate instant payments. 

Computop plans to offer Instant Payments via Computop Paygate as soon as possible. Please let us know if you are interested in being an early adopter of instant payments or would like to take part in the pilot scheme.

## Sweden has become a cash-free society

by Ralf Gladis

My wife recently visited a branch of the Swedish bank Handelsbanken to pay 1500 euros into her own Swedish account. Yet instead of serving her with a smile, the bank employee frowned and demanded to know where all the cash had come from, as if my wife were trying to launder millions in Mafia money. After 10 minutes of further discussion, it was actually necessary to call the Handelsbanken headquarters in Stockholm so that one of the bank's employees – who happens to be a friend of my wife – could vouch for her and the 1500 euros could finally be deposited in her account. What was the problem?

In recent years, businesses, banks and consumers have increasingly moved away from using cash, rendering it superfluous. All retailers now accept card payments for any amount, whether for a bicycle costing 5000 kroner (EUR 500) or chewing gum costing 20 cents (2 kroner). Cards are also accepted at almost every vending machine, as are mobile phone payments in many cases. The money transfer app 'Swish' is so popular among consumers that the verb 'swisha' is now part of the Swedish language.

Customers no longer need cash, and business owners have no desire to go to the expense of handling it, transporting it, keeping it safe or getting hold of it in the first place. Sweden has grown so used to the convenience of electronic payments over the years that cash is now a rarity, and someone who wishes to pay EUR 1500 into an account is automatically suspicious on the grounds that criminals love the anonymity of cash. Swedish society has reduced the use of cash to the bare minimum, and our friends in the far north would be unlikely to put up significant resistance if their government decided to do away with it entirely somewhen in the future. And the EU's instant payments system? There is no need for this in Sweden either, as Swish is already firmly established.

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# A YEAR OF INNOVATION

The Computop Paygate solution is constantly evolving. In addition to adjustments and ongoing updates, the 20-strong developer team is kept very busy with a constant stream of expansions being added to the payment platform. Here we offer a small (and far from exhaustive) glimpse of our new products for 2016.

## Channels

The major theme for 2016 is, without a doubt, POS. As the first German PSP with P2PE certification and an intensive partnership with CCV, Computop is once again adding credence to its slogan: 'Cross-border. Multichannel. Payment'. More on that in this issue's feature.

However, the rapid growth being seen in the mobile shopping sector also demands a great deal of attention. Whilst creating responsive designs for payment forms has long become the norm, with its new Mobile Paygate SDK, Computop is gearing itself towards online retail via an app. A special article on p.10 explores the issue.

The more intensive diversification of end devices also means greater demands are made on risk manage-

ment. Here device recognition plays a key role. Should an end device be flagged up once for a negative transaction, it needs to be approached with caution for subsequent transactions or blocked entirely. To optimise services for risk management and fraud prevention, iovation device checks have been integrated. Together with the ACI ReD Shield, the Computop Paygate offers an extended range of functions for secure payment processing. 3D Secure checks during card payments are often seen as a conversion killer; the integration of CardinalCommerce allows the Computop Paygate solution to optimise the use of this security technology in a way that significantly reduces the number of declines.

## Markets

Asia represents an exciting market for both European and American merchants. This summary, however, falls far too short; China and India's respective e- and m-commerce preferences are far too distinct to be grouped together as one single market. With its subsidiary in Shanghai, Computop's ambitions to become an active player in Chinese retail are now definitely being taken seriously. Some large, and some of the largest, trading groups are working actively with Computop to enable merchants to gain access to their payment methods. For example, the integration of eWallets such as Alipay, 99 Bill or Tencent, as well as online transfers to 20 of the country's major banks, allow countless merchants to enter the Chinese market—a step that would have been impossible with standard international payment methods. ChinaPay offers merchants access to payment methods provided by state-owned Chinese company China Union Pay. In AsiaPay, Computop has managed to integrate a leading Asian finance and technology partner who can work with the PSP to expand further into the region's emerging markets. Among them is India, a country which, with the payment types offered by partner PayU, is contributing to Computop Paygate's comprehensive service portfolio not only through one channel but two.



let's make  
payment  
happen



## Partners


Many new links as well as new services offered by trusted partners have been incorporated into the Computop Paygate this year. PayU paves the way for merchants to access a country's preferred payment method, but not just in India: this partner also has excellent connections in eastern Europe, Latin America and Africa. In the final expansion stage, this integration will incorporate over 200 new payment methods across all seven continents, further cementing Computop's status as a global payment service provider.

By working with Discover Global Network, Computop has been able to forge even stronger links with the USA's second largest credit card market and a global network of partner cards. In Europe, however, the aim is to see Diners Club become even more firmly established.

Credorax is an acquirer that is currently undergoing global expansion. The company's unique concept enables merchants to utilise domestic acquiring across continents and to take advantage of favourable conditions. Together with Computop, the Israeli company aims to significantly expand its market presence.

Regional partnerships intensify the penetration of local markets. European Merchant Services is on hand to provide an appealing range of acquisition services for card payments and iDEAL in Belgium and the Netherlands. Limonetik enhances the French market by offering alternatives to instalment payment by credit card, whilst be2bill also offers attractive conditions for the French market.

In terms of payment types, Computop has a long tradition of being at the cutting edge when it comes to new developments. The new PayPal instalment payment system was developed in close consultation with Computop and was already integrated into Paygate upon launch. Computop was the first PSP worldwide to offer the new 'Login & Pay with Amazon'. This feature allows merchants to provide their customers with an extremely easy and quick registration and selection of payment options – without having to transfer the contents of their basket to the American retail giant, as was previously the case. An attractive service, particularly when it comes to m-commerce.

At the end of the year of innovations that is 2016, Computop Paygate is set to deliver one very special innovation when it announces the integration of an eWallet provided by a world renowned technology firm. 

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# OUT OF THE SAFE HARBOR AND BEHIND THE PRIVACY SHIELD

Since 12 July 2016, transfers of user data from the EU to the US have been subject to a new legal framework known as Privacy Shield. This was introduced by the EU Commission in order to establish basic levels of data protection and lay down the requirements which must be met before companies can transfer EU citizens' personal data to the US.



**by Petra Wagner**  
*Lawyer*

## How things currently stand:

The Data Protection Act is the basic legislation governing data transfers of this kind. According to this Act, transfers or surrenders of data to countries outside the EEA must be approved by the data protection authorities in cases where the recipient country does not impose adequate and comparable standards of data protection. The relevant standards are, in principle, deemed to be in place in the third countries listed in the Data Protection Adequacy Ordinance, which are therefore privileged and exempted from the approval requirements.

US-owned companies were removed from this list after losing their exemption under Safe Harbour following the 2015 ECJ ruling in the Schrems v Facebook case. This meant that approval was required under the Data Protection Act for all transfers of data to the US.

Ever since, many companies have instead been exploiting the EU's standard contractual clauses, or in other words data protection clauses in individual contracts which data protection experts believe provide a legitimate framework for data transfers. The question now is whether this solution will continue

to be viable as a basis for data transfers in the long term, or whether it will be rendered entirely obsolete by the introduction of Privacy Shield as a successor to Safe Harbour.

## The new regulation

Privacy Shield is unquestionably designed to close the gap left by the former Safe Harbour agreement and to restore legal certainty in respect of data transfers to US companies, since the latter are subject to Privacy Shield provisions and must comply with its requirements. US companies must self-certify in line with the prescribed conditions, and a list of certified companies was published on the Internet by the US Department of Commerce on 01/08/2016 in the form of the 'Privacy Shield List'. The procedure resembles that which applied under Safe Harbour, with the addition of a number of safety measures, including:

- mandatory publication of the company's privacy policies,
- a right to information for the individual concerned, and
- obligations regarding data integrity and restrictions on usage/storage.





The basic rules and restrictions governing access to data by US authorities have been introduced to prevent the mass surveillance of EU citizens without good reason, and the agreement will be reviewed on an annual basis.

### What does the future hold?

The new Privacy Shield is not a blanket regulation, since it presupposes the self-certification of every company. There are already reasons to question whether it will serve as a lasting basis for data transfers to the US; the sustained criticism which has been levelled at Privacy Shield means that another judicial review is likely in the near future.

What is more, transfers of data to the US under Privacy Shield are only legitimate if a company is currently certified. Companies would do well to continue using EU standard contractual clauses in parallel, even though questions have also been raised in this respect, and the Irish High Court also intends to ask the European Court of Justice to examine their use.

### Critical response

Giovanni Buttarelli, the European Data Protection Supervisor, believes that there is still room for improvement, and he has expressed doubts as to whether the agreement will stand up to judicial review. Protection against state surveillance and effective checks on the US authorities are still lacking.

According to press reports, Max Schrems, the Vienna-based data protection activist and lawyer whose case against Safe Harbour was examined by the ECJ, believes that Privacy Shield will also be subject to judicial scrutiny in the near future. [C](#)

*Please note: We do not accept any liability for this content or for the information within it being complete and up to date. Petra Wagner, Lawyer*

## FOCUSING COMPUTOP

### International press coverage

#### Discover Global Network Signs with Computop to Increase International E-Commerce Merchant Acceptance

Diners Club International (...) and Computop, a leading international payment service provider, today announced an agreement that will increase e-commerce acceptance for Discover, Diners Club and Alliance Partner cards. (...) By working with Computop, all cards running on the Discover Global Network will be provided with seamless and secure access to additional top merchants in the travel, e-commerce, hospitality and retail industries, among others.

BusinessWire

#### Computop partners Credorax to boost cross-border ecommerce

Credorax's ePower acquiring platform will be integrated into Computop's Paygate payment platform, enabling Computop's merchants to process payments made in all major currencies across the globe, all on a single platform.

ThePaypers

#### Computop Integrates the Amazon Payments Interface 'Login and Pay with Amazon'

Online merchants will be able to offer their customers another conversion-boosting payment method: Computop integrated the new 'Login and Pay with Amazon' user interface.

payment week

#### Wargaming Selects Computop (...)

Following a strategic review of its payments partners to streamline, reduce costs and enable further global expansion, Wargaming chose to increase its roster of payment service providers. From the Global Payments Department's shortlist of potential providers, Computop, one of the most well-respected and trusted providers, was selected to supplement Wargaming's bespoke in-house payments consul. The Company's blend of unique technical capabilities and easy to integrate technology provides solid infrastructure to grow and adapt.

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1. Retail Banking and Research, August 2014
2. Nilson Report #1033, January 2014 and Discover Global Network Partner Reporting

