

ANNUAL REPORT MAGAZINE 2014

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# BEING AGILE – CREATING VALUE

wirecard

# REINVENTING PAYMENT – SINCE 1999

Online, offline and mobile: Wirecard is the leading specialist  
for Payment Processing and Financial Technology.

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“Whether it's secure payment on the Internet, or payment innovations for emerging markets – we always offer intelligent, end-to-end solutions.”

Dr. Markus Braun, CEO Wirecard AG



## DEAR READERS,

In this issue of Wirecard Magazine we want to make our company come alive.

We are on the path to a cashless future. Mobile telephony and the Internet of Things in particular are accelerating this development. Money will move even faster and more efficiently as a digital value in future, from shopper to provider, from consumer to consumer and from continent to continent.

As a technology company, we are helping to shape this future. Because we operate quickly and dynamically, we are always exactly where our customers need us to be. Because we, as a bank, also incorporate financial and banking imperatives into our developments, we create genuine added value, so that our customers can assert themselves over the competition and achieve success in future.

In this process, we always bear in mind that our users are people. We develop creative products and solutions that enable people to make payments easily, securely and in any location. Whether it's secure payment on the Internet, or payment innovations for emerging markets – we always offer intelligent, end-to-end solutions.

Enjoy your reading.

Dr. Markus Braun,  
CEO Wirecard AG



OUR  
VISION

“Wirecard would like to make payment simple and secure for every person, anywhere in the world, no matter the channel.”

Carlos Häuser, Executive Vice President Payment & Risk Services  
Wirecard

**Because Wirecard combines the skills of a technology company with those of a bank, it produces innovative added value and solutions that shape the future.**



P. 10

**How Wirecard develops creative solutions  
for merchants and consumers: An interview with  
the visionaries behind new technologies**

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**Payment is being redefined:  
Mobile payment & smart solutions**



Susanne Steidl, Executive Vice  
President Issuing Wirecard

# FACTORING IN THE ENVIRONMENT AND SITUATION

Because Wirecard, as a service provider, is closely attuned to developments in the market, it is able, as a technology company, to develop creative solutions for merchants and consumers. A conversation with Susanne Steidl and Carlos Häuser.

**Wirecard is consistently in the lead with its new developments. Which vision does the company want to become reality?**

Carlos Häuser: Wirecard would like to make payment simple and secure for every person, anywhere in the world, no matter the channel. We have the know-how available to provide the required technologies for that to happen. And with Wirecard Bank in our group of companies, we also have extensive experience in working within a global financial infrastructure.

**What steps will you take to achieve this goal?**

Susanne Steidl: We are closely attuned to developments in the market and work together with our customers on innovative solutions. We notice what their concerns are and are able to assess their problems and develop suitable solutions for them. Because that is

precisely our approach: We would like to solve problems and simplify processes with our products and services.

Carlos Häuser: That's also why our solutions are so lasting, because we cover the full value chain. This was one reason we bought Wirecard Bank almost ten years ago. Since then, Wirecard has had an issuing and acquiring licence at its disposal.

In Europe, for example, we were one of the first to issue a virtual prepaid credit card. With it, even consumers who otherwise would not receive a credit card can still pay by card online. Long before "omni-channel" entered the spotlight, we had already developed a cross-channel payment gateway.

**You talk about how you orientate yourself towards the needs of customers and consumers. How do you identify their problems?**

Susanne Steidl: By looking at the world around us and by breaking out of existing systems. There are many compelling things. Let's take a very striking example: My train is departing shortly and I still want to buy a coffee quickly, but I don't have any cash. It would be ideal if I could pay with my smartphone in this situation.

**Cash isn't just cumbersome, it's also expensive.**

Carlos Häuser: Many countries and banks would like to withdraw cash from circulation because the costs of handling cash are very high.

**"We observe which channels consumers are active on and incorporate that into our concepts."**

Susanne Steidl



**“That’s also why our solutions are so lasting, because we cover the full value chain.”**

Carlos Häuser

► Susanne Steidl: The respective laws and regulations provide us with the framework within which we would like to make payment easier for people. In Indonesia, for example, not everyone has a bank account by default, but everyone has a mobile phone, which is becoming a method of payment there. With our mobile payment solutions, we are facilitating cashless payment in emerging markets as well as in highly-developed industrialised countries.

Carlos Häuser: We recognised early on that we had to develop a payment ecosystem in which we offer credit card payments and alternative payment methods via one global platform.

**In India, people pay with a basic mobile phone; in Europe, they can conduct personal banking with a smartphone app. How do the needs of consumers differ in a global comparison?**

Susanne Steidl: In western industrialised nations, it is predominantly about speed, convenience and status. For example, a winter holidaymaker wants to be recognised at the ski lift as a VIP customer and served right away. In other countries, however, it is about much more basic things.

The inspiration for many innovations now comes from Eastern Europe, Asia or Africa. These countries simply leapfrogged entire stages of development. People there arrived in the Internet age with the new technologies. They were able to deal with new payment so-

lutions very easily, for example, while many people in Europe or the U.S. still have reservations. If we want to be innovative, we need to focus on precisely this aspect. We have to take into greater account the consumers who are queuing in front of a bank in Addis Ababa and less those who are already well provided for. Necessity is the mother of invention...

Carlos Häuser: ...we saw that very concretely in India! After a flood, no cash machines were operational. With the support of our partner Bijlipay, our Mobile Card Reader was quickly converted to also give out money. That is, banks sent their employees to the sites, where they gave out cash to each person who charged a corresponding sum with his or her credit card on our mobile terminal.

#### **What are the pressing topics of today?**

Carlos Häuser: In the emerging markets, we can contribute to offsetting insufficient infrastructure with

our solutions. In the big cities in particular, useful and efficient mobility concepts are becoming increasingly important.

Susanne Steidl: This actually applies to all big cities! If people need to get from A to B, they don't want to worry about all the steps in between anymore. If people use public transport in London, for instance, they're happy if they don't have to think about paying for their ticket every time.

#### **That means you factor the particular environment and situation into your development?**

Susanne Steidl: Exactly, we observe which channels consumers are active on and incorporate that into our concepts.

If, for example, a tourist travels to a certain city and is looking for a restaurant in the evening, then we would like to support him or her from the transportation, through to the restaurant recommendation.

The traveller arrives and doesn't have to organise a taxi – it's already waiting. The table in the restaurant has been selected already. Before payment, the traveller is asked, whether the bill for the meal should be deducted directly from a cheque account. And maybe he or she wants to split the bill with others, or pay a certain product in multiple instalments... Payment and settlement also result from the individual context.

#### **In other words, the bank is also becoming mobile?**

Susanne Steidl: You can also offer consumers a micro-credit in this way. This allows them to manage their finances more flexibly.

Carlos Häuser: Our mobile solutions also help people better visualise where they stand financially: you already have spent a certain amount – do you still want to buy that? Unlike with a credit card, they can see their account balance in real time and better judge how much money they have available. Those who don't check their account balance every day can quickly spend too much money and realise it too late. Our mobile solutions provide them with greater transparency...

#### **...and convenience.**

Susanne Steidl: Exactly. We come into the picture in the areas where we can offer the end customer convenience and the process involves payment. We simplify the complexity of the payment process. Con-

## **WHAT'S THE COST OF CASH?**

# **8 000 000 000**

euros per year to pay with cash in Germany. That's about 150 euros per person.

# **800 000 000**

euros for the total economic cost of a card-based payment system.

Source: Research Centre for Financial Studies of Berliner Steinbeis-University, Germany, May 2013

**“We have command over a combination of technology and financial services that is unique in the market.”**

Carlos Häuser

- ▶ sumers can pay conveniently and merchants can rest assured that their goods will be paid for.

Carlos Häuser: For most people, the payment process is unpleasant. In contrast, the consumer experiences paying with our technologies as something positive.

**The virtual and real world are becoming increasingly connected. That brings us to the Internet of Things. What solutions are you developing for it?**

Susanne Steidl: We create solution modules for the Internet of Things, so that a car can pay tolls by itself, for instance. Depending on what is possible in regulatory terms, we think about which opportunities emerge within an ecosystem or make sense. With EZ-Link Pte. Ltd. in Singapore, for example, we turned the mobile phone into a top-up station. EZ-Link is a subsidiary of Singapore's Land Transport Authority (LTA) and the

biggest national issuer of contactless cards. A prepaid card is only practical if it is sufficiently topped up. But topping up was usually associated with having to queue up at a particular point of sale. We made it possible for shoppers to load their prepaid cards very easily via an app on their smartphone.

Carlos Häuser: Wirecard develops almost everything internally. Thus, we can experiment and push forward innovations much more quickly. With Wirecard Bank and Wirecard Card Solutions, we have command over a combination of technology and financial services that is unique in the market. This enables us to develop products that a mere technology provider cannot offer. Since our emphasis is on IT, our motivation to develop new technologies is per se much higher and sets the pace. ■

**Carlos Häuser, Executive Vice  
President Payment & Risk  
Services Wirecard**



# WIRECARD SMART BAND

If mobile payment is the future, then the Wirecard Smart Band is the corresponding lifestyle product. With it, contactless payment becomes even more simple, secure and fast for consumers.



Wirecard positioned itself early on as a technical enabler and payment service provider in the area of mobile payment. With the integration of transmission techniques like Near Field Communication (NFC), Bluetooth Low Energy (BLE) and Host Card Emulation (HCE) into the Wirecard mobile platform in recent years, the technical foundation was laid, as well as the respective hardware and software solutions. Wirecard has introduced an initial usage scenario for a payment wearable based on HCE. The wearable for the wrist frees shoppers from searching for change or a credit card and speeds up the overall

payment process. With Wirecard Smart Band, smaller sums for a takeaway coffee in the morning, a bus ticket or a postage stamp can be settled virtually. The display shows whether payment has been made in real time.

## **Customer information as an added value**

For the quick, comfortable and secure transmission of payments, NFC-enabled terminals are essential – and they already belong to the Wirecard portfolio for merchants. Wirecard Smart Band enables even more convenient payment. Complementary services also make it relevant before and after the purchase. Thus, the ticket for the spa can open the locker; upon entering a café, the usual cappuccino can be offered to the consumer automatically.

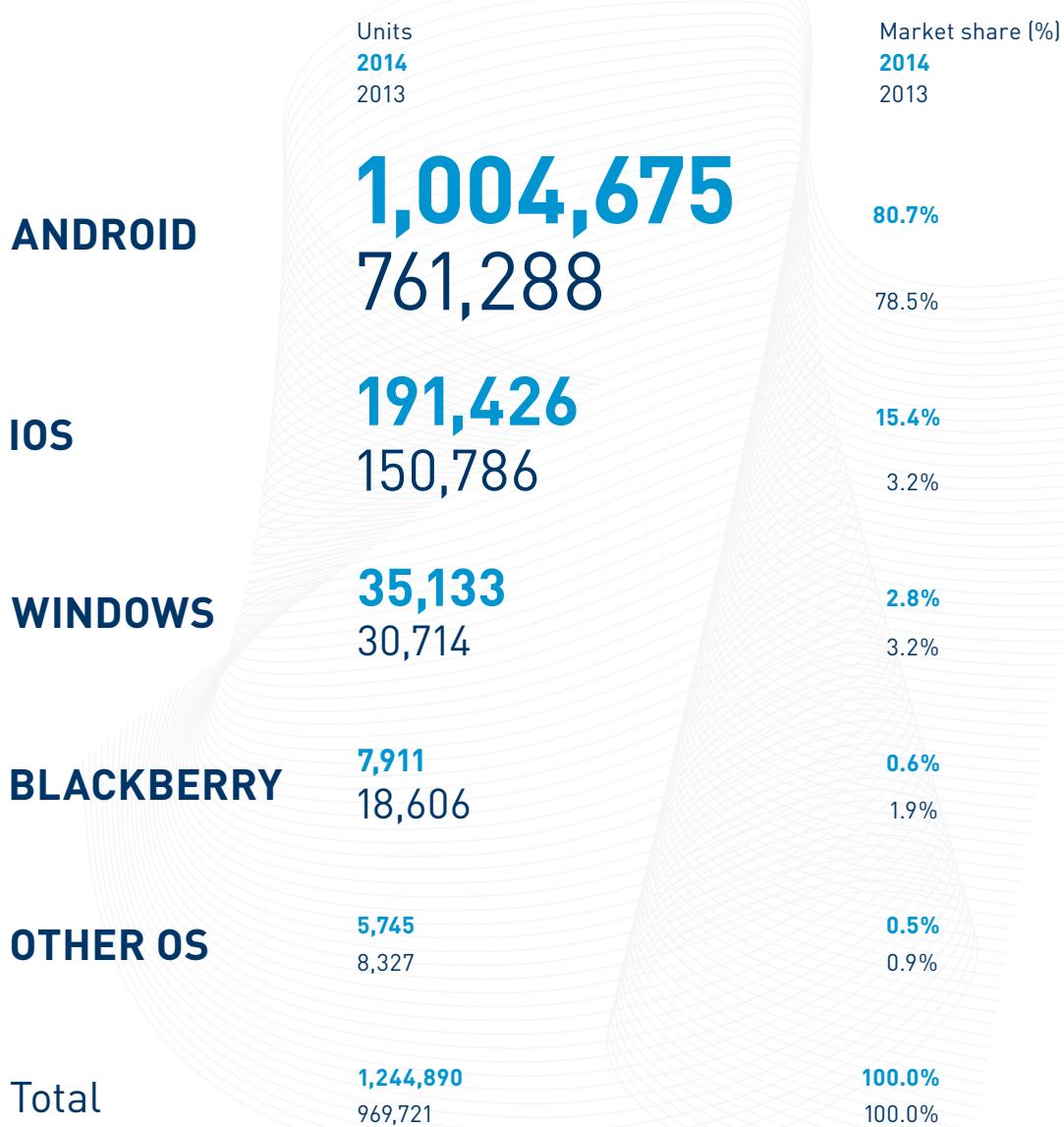
New wireless technologies make it possible to link up each payment process with mobile added values and to offer these at relevant customer touchpoints in real time. Discounts, gift certificates and coupons can be transmitted to individual customers based on their locations. Wirecard already provides the corresponding platform and loyalty services for this. ■

## **+ THE FIRST PAYMENT WEARABLE BASED ON HCE**

Wearables are steadily conquering new areas of application. After smart glasses, fitness trackers and smart watches, mobile payment is the next trend. Wirecard Smart Band is a usage scenario for a payment wearable. The virtual wallet on the wrist makes contactless payment especially quick and easy. With added-value services that can be called up according to location, it introduces interesting possibilities also beyond payment.

# WORLDWIDE SMARTPHONE SALES

by operating system in 2014  
(units in thousands)



Source: Gartner, March 2015

# AS NATURAL AS PAYMENT WITH A WALLET

Wirecard is redefining payment with smartphones: the HCE app makes the payment process especially easy.

With HCE (Host Card Emulation), a new mobile card solution has become available that makes contactless payment as natural as paying with a wallet.

HCE is very easy to use. Users load the app onto their smartphone. After registration, they can pay with it immediately.

With it, users are not tied to a particular mobile provider. Even a SIM card isn't necessary to use the payment app, because the software stores sensitive customer and credit card data remotely in a secure server environment. For each payment, instead of supplying the card data via radio transmission, the app simply supplies a token, which identifies the transaction.

Google has already made its Android operating system "HCE ready", starting from version 4.4, and credit card providers such as Visa and MasterCard also see the potential and are campaigning for it.



## All transactions in view

The payment app, boon, will be offered, together with sales and cooperating partners, as a co-branded solution. With it, Wirecard enables telecommunications providers, banks or merchants immediate market access with a mobile payment solution. Additionally, HCE is compatible with the EMV standard. This specification applies to payment card and chip card devices such as terminals from MasterCard and Visa. Thus, merchants don't have to make any hardware modifications to their existing NFC terminals; they can process HCE transactions seamlessly.

In future, shoppers can download their app from white label partners, merchants or financial service providers. The registration for the app is kept sleek and simple. At a glance, the current transaction data as well as the complete payment history can be called up in the app.

# 81%

of merchants plan to (further) upgrade their cash systems for mobile payment.

Source: "NFC – Dossier", EHI Retail Institute 2014

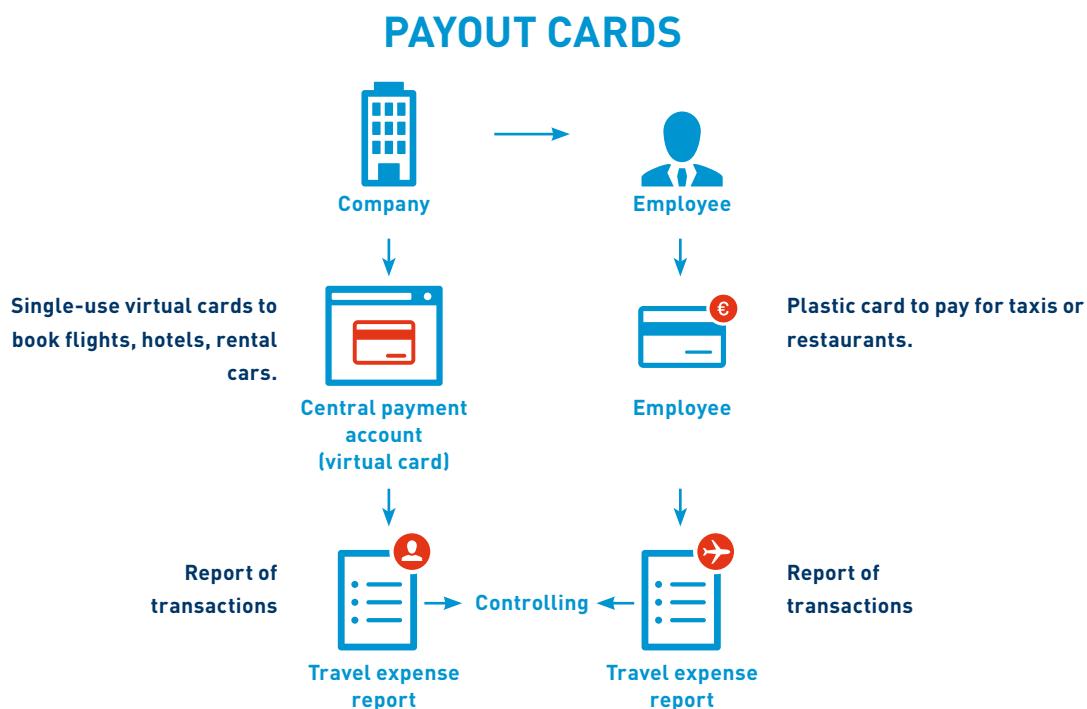
# CREDIT – AVAILABLE ANYWHERE, ANYTIME

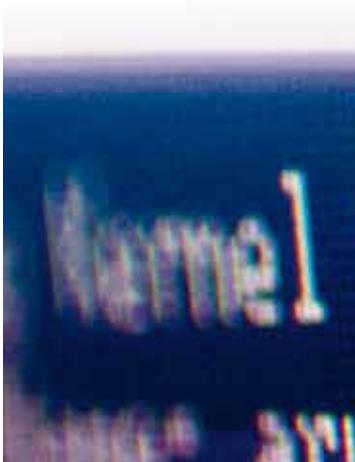
In a globalised economy, companies require payment solutions that are flexible in action and accepted worldwide. Companies still generally give cash to their employees who work in the field or who attend trade fairs or conferences. Those in international shipping who pay out crew members directly during the leaving service in harbour are obligated to make wages available in cash or by cheque in the respective currency. This often requires a great deal of logistical effort. Payout cards with prepaid credit are a secure alternative and are accepted worldwide. Via their

corporate account with Wirecard Bank, companies can manually or automatically load payout cards in seconds for their employees in the field, with amounts in up to 30 currencies. Users can pay for flights, accommodation, taxis, rental cars or restaurant bills, either with the plastic card, virtually for online shopping or using contactless technology via a smartphone app. They can also withdraw cash from cash machines worldwide without any problems.

Companies can conveniently manage card balance and credit at any time

via Wirecard's self-service portal. The real-time process ensures permanent control over the budget; every transaction is passed on directly to the company's own accounting department via software interfaces. Employees benefit a great deal from no longer having to cover incidental travel expenses.







OUR  

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**MARKETS**

“We were looking for a strategic partner in order to gain access to technologies and innovations from other markets.”

Monica Pranata, Managing Director PT. Prima Vista Solusi

**Payment is a global business. It is crucial, however, how business strategies are implemented locally. Our goal is to understand markets from an insider's perspective before we enter them.**



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**Strong partners:**

**How the most important player in Indonesia grew fourfold.**

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**People open the doors to markets:**

**Our example from Singapore shows how Wirecard builds bridges.**

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**Building personal relationships:**

**An interview about putting synergies with new subsidiaries to good use.**

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**Wirecard enters the Turkish market:**

**Why Turkey's location and structural change promise big opportunities.**



# A DREAM PARTNERSHIP WITH WIRECARD

Prima Vista Solusi, a dominant player in the Indonesian payment industry, has been part of Wirecard Group since 2012. Through this partnership, the company has expanded its product portfolio and developed its international reach.

“From the beginning, we were the dominant player in the Indonesian payment industry,” says Monica Pranata. Together with her husband, Rudy Khowara, who also participates in the management of PT. Prima Vista Solusi, she wanted to shape the country’s movement towards a cashless society. They founded the payment company based in Jakarta in 2002, and they were able to count 20 of the larger banks among their customers relatively quickly.

Whether for hardware, software, integration, networks or terminals – these banks were initially also the major clients. Monica Pranata, Managing Director of PT. Prima Vista Solusi since 2012, recognised very quickly that it was possible to process many more services through terminals than simply accepting

credit cards. “That’s why we started to develop products and solutions ourselves. In order to satisfy the demographic and geographic challenges in Indonesia, we developed a number of solutions that had never existed before, such as the mini ATM,” says Pranata, who studied science and business in the U.S. and Australia. These cash machines in miniature form are used to pay bills, recharge prepaid cards for cellphones, check account balances and also to send money. They can be transported effortlessly. Banks send employees with them out to rural and underdeveloped areas to provide customers with on-site access to services like withdrawing money, depositing savings or extending credit. “We were the first ones in the market to launch these mini ATMs in bricks-and-mortar stores. We even developed mobile biometric solutions with an integrated fingerprint reader,” says Pranata, who also has experience in the telecommunications industry. ▶

**“As the most dominant player, we could choose the partner ourselves. We weren’t looking for an investor, but rather a strategic partner.”**

Monica Pranata, Managing Director  
PT. Prima Vista Solusi

**“Together we are the pacesetters in the payment industry in Indonesia.”**

Monica Pranata



## INDONESIA

### LOCATION:

South East Asia, biggest archipelago in the world

### POPULATION:

With around 250 million inhabitants and a current yearly population increase of 1.49% (2010 census), it is the fourth most heavily populated country in the world.

### AREA:

Surface area 2.02 million km<sup>2</sup>, longest stretch from north to south 1,870 km, west to east 5,100 km, total length of coast is 81,350 km

### ISLANDS:

The country is made up of more than 17,000 islands.

### GDP PER CAPITA (NOMINAL):

2012: US\$3,490

Source: Federal Foreign Office of Germany, March 2014

In emerging countries like Indonesia, biometrics is an important instrument of authentication for merchants as well as banks. “We were looking for a strategic partner in order to gain access to technologies and innovations from other markets. At the same time, we had developed a number of innovative products for emerging markets, which we, together with a strategic partner and its technological expertise, could also market outside of Indonesia,” Monica Pranata says.

After the first joint projects a few years ago, the decision to go with Wirecard was made very quickly. The acquisition promised significant growth on both sides. The payment market in Indonesia is far from saturated. With around 250 million residents, Indonesia is the fourth most populous country in the world.

Wirecard acquired another strong partner, PT Apriksma Indonesia, which works together with the majority of the country’s banks. The company based in Jakarta expands the portfolio of Wirecard to include Internet banking as well as mobile banking and cash management. In the meantime, both companies are now 100 percent part of Wirecard Asia Pacific.

Due to the specific geography, population density and age structure of the population, Indonesia presents great potential, even with regard to the coming decades. In a country that is made up of more than 17,000 islands, mobile solutions are essentially the only way to make the Internet accessible for everyone. There is a relatively large number of young people, digital natives, who will leave school in just a few years. They are the customers of tomorrow, who will shop or book services with their smartphone.



**Monica Pranata has been Managing Director of PT. Prima Vista Solusi since 2012.**

"For us, the alliance with Wirecard was a dream partnership," says Monica Pranata, getting to the heart of it. "As a part of the Wirecard Group, we now have the potential to grow manifold in Indonesia and internationally. Together we are the pacesetters in the payment industry in Indonesia." To what extent do the subsidiaries get support from headquarters? "The management style from Wirecard is inspiring and distinctly entrepreneurial. We continuously work together on new product ideas and business models, and we're able to implement innovations very quickly." ■

# UNDERSTANDING MARKETS FROM WITHIN

The countries and cultures of Asia, the biggest and most populous continent on Earth, are incredibly multi-faceted and diverse.

Wirecard has been expanding in this region for the past two years – with teams that are at home in the respective cultures.

Payment is a global business. Crucial, however, is how business strategies are implemented locally. Employees in the various locations are the ones who build a bridge between the local customers and the company as a whole. “We needed a certain amount of time to understand the different markets,” says Fook Sun Ng, Managing Director of Wirecard Singapore Pte Ltd. “By bringing employees from the respective countries into the team, as we did in Malaysia, Indonesia, Vietnam or New Zealand, we were able to gain an understanding of the different requirements. We work closely with peo-

ple who understand the culture and local business practices. They open the door to a new market,” says Fook Sun Ng, co-founder of Systems@Work Pte Ltd..

Wirecard Asia Pacific already covers the region of South East Asia, with subsidiaries in Singapore, Malaysia, Indonesia, Vietnam and Myanmar. With the new acquisitions, Wirecard is also represented on the Australian continent, a heterogeneous economic area



**Fook Sun Ng, Managing Director  
of Wirecard Singapore Pte Ltd.**



Fook Sun Ng is offering as the Managing Director of Wirecard Singapore Pte. Ltd. customers omni-channel solutions.



## SOUTH EAST ASIA

**Population:** about 540 million

**GDP per capita:**

Singapore 2013: 40,880 (EUR)

Malaysia 2013: 10,457 (USD)

The Philippines 2014: 2,614 (USD)

Thailand 2014: 4,484 (EUR)

Vietnam 2014: 2,028 (USD)

Indonesia 2012: 3,490 (USD).

Source: Federal Foreign Office of Germany,  
as of October and November 2014

**“We work closely with people who understand the culture. They open the door to a new market.”**

Fook Sun Ng

- ▶ with a great deal of potential. Consumers' customs and preferences are extremely diverse.

Just as in Europe and North America, people's first connection to the Internet in Singapore was via a desktop computer. These days, mobile Internet is being used as a supplement, but mobile payment solutions are still not as commonly used there, although they're available. Card payments, whether credit or debit card, are preferred. In South East Asia the market is growing especially rapidly in the area of e-commerce, just as in Europe. At the same time, point-of-sale solutions for bricks-and-mortar stores continue to play a big role. “As a part of Wirecard Group, we're able to access all of our company's product areas in order to provide customers with the best solution for the given situation,” says Fook Sun Ng.

Thus far, Wirecard is one of the few service providers with an omni-channel approach that can offer solutions that enable merchants to facilitate one payment across all channels – whether high-street retail, mobile payment for e-commerce or the existing retail assisted e-commerce in emerging markets. “We're able to make all our products and services available via a single gateway. No matter which payment solu-

tion the consumer has selected, all relevant data will be fed to the merchant through it,” says Fook Sun Ng.

In Europe, e-commerce has taken root and is achieving dynamic growth. The new Wirecard Checkout Portal for merchants of all sizes will soon be launched in South East Asia as well. “We provide our customers with a diverse offering of products. We are able to offer them everything from a single source and all over the world,” concludes Fook Sun Ng. ■

# <sup>32</sup> STRONG LOCATIONS IN ASIA AND AFRICA

Wirecard is expanding and using the new synergies to develop products that can be used transnationally.  
An interview with Enrique Beza.

**“We don’t want to force through a “one-size-fits-all” approach in other markets, but rather work out of each individual market.”**

Enrique Beza

**Even in the last fiscal year, Wirecard once again had enormous growth.**

Enrique Beza: The company also has opened up the African continent in 2014 with its acquisition of Amara Technology Proprietary Ltd. in Cape Town, South Africa. With this, we now have customers in the entire sub-Saharan region.

**How do you manage to be consistently successful within such diverse economic areas?**

Enrique Beza: We developed personal relationships with our colleagues in Asia and Africa very quickly, which means we’re able to use synergies immediately.

For instance, we are now integrating solutions and platforms that we designed for Africa into concepts that we offer in Latin America.

**To what extent do you take into account local differences in the development of new products?**

Enrique Beza: We don’t want to force through a “one-size-fits-all” approach in other markets, but rather work out of each individual market. For example, a customer in South Africa requested a contactless payment solution for local public transport. Our colleagues implemented exactly this solution, an affordable card reader for omnibuses, in Vietnam. We used components of this solution, but refined it in such a way that it would also be successful in this particular market. ■



**Enrique Beza, Regional  
Vice President Sales  
Telecommunications Wirecard**

# NEW LOCATION IN TURKEY

With the acquisition of payment provider 3pay in Turkey, Wirecard has established its local presence in the vibrant economic region.

Even in the last fiscal year, Wirecard has made additional strategically important acquisitions. Apart from the new locations in New Zealand and South Africa, one of the leading Turkish payment providers now also belongs to the Wirecard Group. Among 3pay's customers are communication service providers as well as providers in the area of social networks or games.

This commitment also enables Wirecard to expand its business activities in the region of Middle East North Africa (MENA). Turkey is a rapidly expanding market for electronic payments in e-commerce – and especially m-commerce – as well as in prepaid products.

## **Economic development promotes mobile business**

With its strategic location between the Mediterranean Sea and the Black Sea, Turkey is an important junction between Europe, Asia and the Middle East. Borders with eight neighbouring countries make the nation an ideal transit area for goods in

and out of Europe. The expansion of cross-border trade relationships to the virtual world is a logical step that the emerging country is taking.

Turkey is a country in the midst of radical change. The average age of the population is around 30 years old. Overall, the standard of living has continued to climb in past decades, while the rate of poverty has steadily fallen. Nevertheless, the existing divide between the more agricultural countryside and the emerging metropolises is prompting more and more people to migrate to the big cities. Because the structural changes are creating a need for Internet-driven solutions, there is enormous growth potential in Turkey. Recently, the interest of younger consumers has caused a veritable explosion in demand for mobile devices and services. M-commerce and mobile payment can offset the retail and banking structures that are missing in rural regions in particular, and could contribute to new economic resources being developed.



## TURKEY



Age structure 2014:	<b>25.5%</b>
0–14 years old:	<b>16.8%</b>
15–24 years old:	<b>42.9%</b>
25–54 years old:	<b>8.1%</b>
55–64 years old:	<b>6.7%</b>
65 years old and up:	<b>77.3 million</b>
Population 2014:	<b>1.1%</b>
Rate of population growth 2014:	<b>US\$813.3 billion</b>
GDP (nom.) 2014:	<b>US\$861.1 billion</b>
2015:	
Landline connections 2013:	<b>181 per 1,000 people</b>
Mobile phone connections 2013:	<b>930 per 1,000 people</b>
Internet users 2013:	<b>463 per 1,000 people</b>

Source: Germany Trade & Invest 2014

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A photograph of a man in a dark suit and tie, seen from the side and slightly from behind, looking out of a window. The view outside is blurred, showing what appears to be a garden or park with trees and possibly a body of water. The lighting suggests it might be early morning or late afternoon.

# OUR SOLUTIONS



“We visualise the challenges our customers are facing today and the direction in which various market segments are developing.”

Christian von Hammel-Bonten,  
Executive Vice President Sales Telecommunications Wirecard

**Merchants are able to differentiate themselves with our solutions because we already incorporate infrastructure or regulatory standards in the development of new solutions.**



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**Vodafone SmartPass:**  
**The payment solution for the mobile age.**

# CREATING MORE VALUE

Wirecard products are designed always to provide the merchant with a certain something more. A conversation with Brigitte Häuser-Axtner and Christian von Hammel-Bonten.

**Wirecard has succeeded in becoming one of the world's leading payment providers. Why do customers choose you?**

Brigitte Häuser-Axtner: For us, it has always been about creating genuine added value for our customers with each product or service. In this way, merchants can clearly differentiate themselves from the competition.

**What does that added value look like?**

Brigitte Häuser-Axtner: For example, when a consumer is able to pay a service provider's bill right at the front door via an mPOS terminal, it creates a genuine added value for the provider – no monitoring for receipt of payment, no dunning process... Or another example is a wearable that allows users to measure their times while jogging and also make purchases at a kiosk.

**That is to say, added value emerges when you augment the payment function with a convenience factor?**

Brigitte Häuser-Axtner: That is just one form of added value. We also help merchants insofar as we consider regulatory requirements in the development of solutions. In the area of games, for instance, we are able to easily verify the age of consumers. Since January 1 of this year, the value-added tax on digital content in Europe must be declared according to local law. If a merchant is based in France, they nevertheless have to declare the value-added tax in Germany, if the customer purchases content from there. Based on the payment information that the merchants deliver to us, we send information regarding the regulations back to them. Wirecard incorporates structural or regulatory

standards into product development from the very beginning. Thus, merchants can position themselves securely in their respective markets.

**To create genuine added value requires an understanding of what the customer actually needs.**

Christian von Hammel-Bonten: That's right. We visualise the challenges our customers are facing today and the direction in which various market segments are developing. Because mail order companies are not easily comparable to merchants that sell digital products, the sales department is divided into different units according to sector. If customers would like to build up their business internationally, it's not enough to translate their shop system into the language of the target country. First and foremost, they also need the right solution for the payment process.

Brigitte Häuser-Axtner: We offer a comprehensive portfolio of payment solutions and also alternative payment methods that will be expanded gradually in the relevant markets. In the process, we evaluate each new payment method with respect to the functionality and complexity: which integration possibilities present themselves? How does the merchant benefit? Or can Wirecard, as the central financial institution, accept payment as an intermediary and then distribute it to merchants? This means we as a credit institution support the merchant in the process of minimising risk.

The advantage for merchants is that they don't have to sign a contract for every payment method, but rather they enter into one contract with us and receive access to every payment method via a single interface. The merchant's accounting department is also able to ➤



**“Customers can generate significantly higher revenues with our help.”**

Brigitte Häuser-Axtner, Executive Vice President Sales Digital Wirecard



**“We support our customers in becoming successful across all channels.”**

Christian von Hammel-Bonten, Executive Vice President  
Sales Telecommunications Wirecard

- ▶ work better, because it receives uniform reporting across all payment methods.

Christian von Hammel-Bonten: For us, “everything from a single source” also means that we support our customers in becoming successful across all channels.

#### **That brings us to the key word: omni-channel.**

##### **What does this actually entail?**

Christian von Hammel-Bonten: It means that Wirecard makes it possible for merchants of every size and from every sector to offer goods and services across channels. It's not important to us which channel consumers want to use to make purchases, but rather that they can do so simply, securely and in any location.

##### **What role do mobile payments play in this?**

Christian von Hammel-Bonten: Every sector has different requirements for mobile payment solutions. Furthermore, consumers' payment performance is varying in different countries – even within Europe. From the beginning, therefore, we have been intent on developing a highly modular platform to satisfy the demands of diverse countries and industries.

Thus, we have created the possibility, via the integration of various mobile operators, to install digital cards for mobile payment in the networks of Europe's most important network providers. Beyond this, we have integrated new standards, such as Host Card Emulation or Beacons, in order to create even more opportunities for mobile payment.

##### **Whether offline, online or mobile – merchants and customers are equally reliant on a secure payment process. What sets you apart from the competition in this regard?**

Brigitte Häuser-Axtner: Risk management is an important tool for every sector to protect against fraud or payment default, no matter the channel. Customers can generate significantly higher revenues with our help. Merchants of digital goods, for instance, accept fraud and the associated losses because they don't want to lose good customers. And this is ex-

actly where our solutions are effective. For example, we are able to run all our risk settings in simulation mode. This means that we don't activate sector- or customer-specific risk policies right away, but rather we simply let them run in the background along with all the necessary settings, without declining payment immediately.

The customer subsequently receives detailed information, such as which transactions we would identify as suspicious. These results then can be matched up very easily to the actual fraud notices or payment defaults. In this way, customers get an idea beforehand of how many good sales they would have lost and how many payment defaults they could have avoided. Merchants don't even have to purchase our all-round solution for this; they can achieve tremendous success with the individual base modules. ■

# A FULLY AUTOMATED SOLUTION



In the development of new solutions, whether they are for new markets, new target groups or technological progress, Wirecard always keeps the factors of change in mind. Wirecard Checkout Portal, launched in the autumn of 2014, also meets this demand. It was designed to be scalable in order to provide smaller and medium-sized merchants in particular with comprehensive payment and banking services, and to enable the greatest degree of flexibility in the choice of payment methods.

With the online configurator from Wirecard Checkout Portal, shop owners now can assemble up to 20 proven international payment solutions, expand them with risk management modules and banking services and incorporate them directly into their shop. The modules from Wirecard are activated within a very

short time, so that the business can start working with them quickly. Likewise, the required plug-ins for all the current e-commerce shop systems are made available through the portal.

The ability to adapt this initial set-up again at any time can crucially contribute to commercial success. If merchants decide they would like to include other payment methods in their portfolio for specific shopper segments or target groups, they can re-adjust adequate solutions via the portal. Ultimately, half of all abandoned transactions can be ascribed to the favoured payment method being unavailable.

Wirecard Checkout Portal not only makes the configuration of payment solutions easier for merchants, it also simplifies their market entry. With the use of the portal they satisfy all guidelines for financial institutions set by the EU.

# LASTING SUCCESS

From payment processing to risk management to banking: in order to remain successful in the long term, our customers receive all our products and services from a single source. With Wirecard Checkout Portal, we have developed a tool that is suitable for the masses. With it, merchants from throughout Europe can quickly and easily offer payment solutions. With Wirecard Checkout Portal, we are serving the mass market very efficiently.

**“With Wirecard Checkout Portal, merchants from throughout Europe can quickly and easily offer payment solutions via this portal.”**

Christian Reindl, Executive Vice President Sales Consumer Goods Wirecard

The acceptance of card payments – an important factor in sales – is possible straight away.

Those who would like to offer goods internationally have the possibility to adjust the system from the standard euro setting accordingly. Also shop revenues can be paid out in merchants' preferred currency.

[www.checkoutportal.com](http://www.checkoutportal.com)





# DATA ANALYSIS IN REAL TIME

Wirecard has been able to open up the African airline market because the company commands a mature risk management solution and an agile acquiring platform.

# “We have integrations with all the relevant global airline service providers.”

Jörg Möller, Executive Vice President Travel & Mobility Wirecard

**Wirecard has opened up the African airline market. In doing so, the company has taken on a pioneering role. What did you differently from the competition?**

Jörg Möller: You have to keep two things in mind in the technical connection of African airlines: on the one hand, the complexity of traditional airlines, and on the other hand, the high rate of fraud during the payment process. We are equipped with an agile acquiring platform that allows for a detailed data analysis in real time, and we have developed very mature risk management systems.

#### **How worthwhile is it to expand in Africa?**

Jörg Möller: Africa is a rapidly growing market, in which we already have multiple airlines under contract. We demonstrate here our technological expertise in nuanced data analysis.



#### **What role does the banking licence play in that?**

Jörg Möller: In the airline industry, we have a global acquiring licence, which we have utilised to create a unique service offering from payment process to currency management.

Airlines confront much greater challenges in fraud scenarios than other industries do. We have integrations with all the relevant global airline service providers, from Amadeus through Sabre to flight booking machines. For many years, we have achieved economies of scale, because we have one of the most comprehensive product portfolios. ■

# A 360-DEGREE VIEW OF CONSUMERS

As a comprehensive risk management solution, Trust Evaluation Suite from Wirecard enables online merchants to evaluate potential shoppers with greater nuance and, based on that, to determine an ideal checkout process for them – automatically and in real time!

Creditworthiness checks are usually based on the retrieval of existing negative scores, address verification, as well as demographic values that scoring agencies

provide for risk assessment. But in some cases, the age or residential neighbourhood of consumers could be completely insignificant to their actual creditworthiness. The danger of a wrong assessment or undervaluation can quickly ruin revenue opportunities. That's where Trust Evaluation Suite comes in. With its 360-degree view of each individual buyer, the program enables a much more nuanced assessment by taking into account individual cus-

**PURCHASE HISTORY**

- See more in your customers than others do.
- Draw on your previous experiences with customers.
- Make use of shopping basket data. In real time.



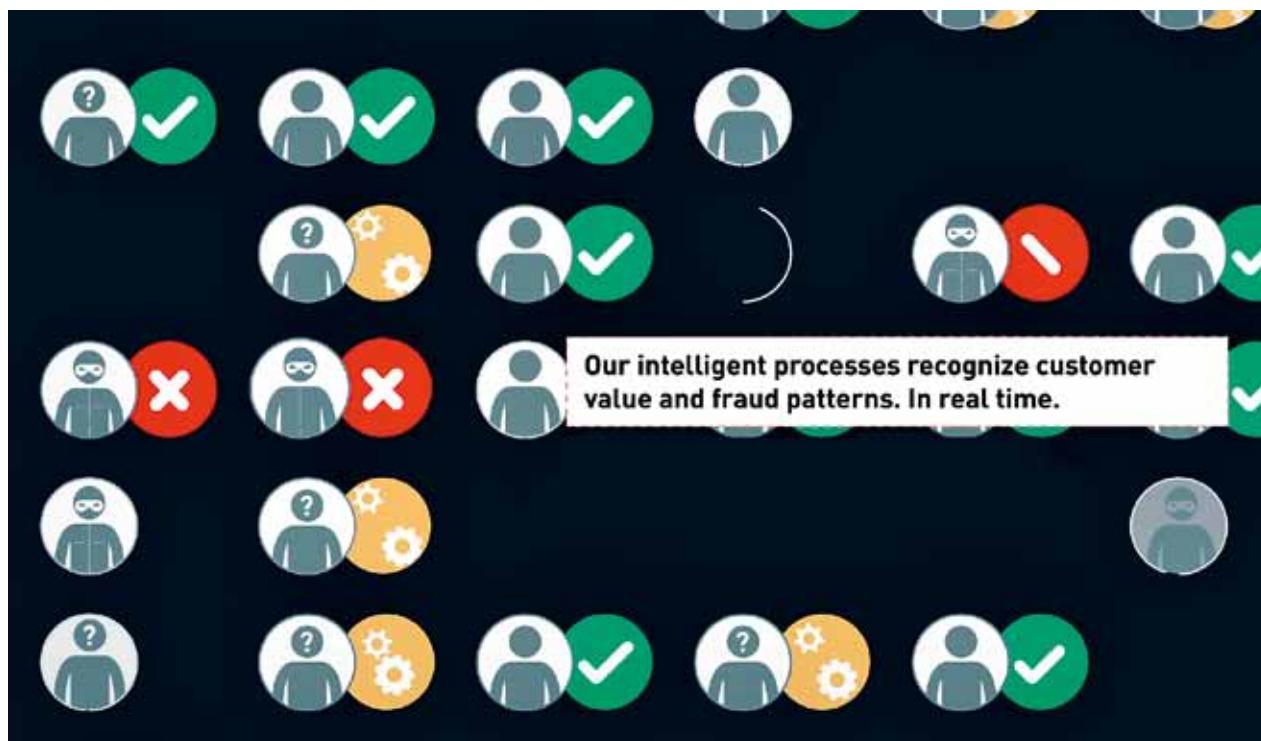
tomer information, such as purchase and payment history or current and past shopping basket data, in addition to the standard techniques. Furthermore, it also incorporates search criteria on the merchant side, which can be defined in a separate policy according to customer segment, sector or product.

## From query to decision in real time

Already during the ordering process the system is bringing together all available

parameters – scoring, statistics, buyer history, ordering behaviour and policy – in a decision matrix. On this basis it defines which order and credit limit should be generated and which payment solution is acceptable. Sales opportunities will no longer be dependent upon data from credit agencies. Moreover, every successful purchase delivers new valuable data that flows into the decision matrix upon the shopper's next visit. Thus, the system keeps learning over time. Its reliability also al-

lows preferred payment methods, such as purchasing on account, to be offered more frequently. The solution is designed in modules and can be integrated easily into a shop system via a single interface.



# MOBILE PAYMENT WITH VODAFONE SMARTPASS

Public transport will become a relevant part of mobility in urban life. With Vodafone SmartPass, Wirecard takes on the role of trailblazer.

The 21st century will be the age of cities. According to UNO estimates, the world population will grow to around 8 billion in the next 10 years and to around 9 billion by 2050. Along with this comes the growth of urban spaces that promise people employment, housing and sustenance, as well as an attractive cultural and social environment. Furthermore, according to the forecast, two-thirds of the population will be living in cities by 2050.

## Payment solutions

As a result, the focus is shifting to local public transport as an essential building block for mobility. Future concepts of mobility must always keep the logistical context in mind – and payment is an important facet of this. An increasingly mobile, better-connected society requires simple,

secure means of payment for transportation services. In addition, travellers want to be able to pay for snacks, drinks or reading materials as quickly and easily as the ticket itself, so that waiting doesn't extend the journey unnecessarily.

In this process, mobile devices are important instruments for acceleration. Mobile ticketing in particular is achieving interesting growth rates already. These functions are accordingly very pertinent to the future concept of infrastructure, because the advantages are enormous – not only for travellers, but also for transportation companies and the associated providers.

## Ticket purchasing in real time

Mobile ticketing simplifies the personalised purchasing of tickets. The request,

purchase and transaction take place virtually, securely and in real time, without consumers having to queue at the counter or operate laborious machine technology ("over the air" instead of "over the counter"). Transport companies benefit from faster transaction processes as well as better sales figures and ticket distribution costs. The automated contactless process reduces their cash handling and their overall costs. Complementary added-value services, such as interactive trip planning or customer loyalty programmes, which are offered alongside, make the service even more attractive. In the process, an app controls everything, from the search for a travel connection to the purchase of a ticket or magazine.

Companies also can utilise the data generated from the buying process to opti-

**With mobile ticketing,  
queuing up at a counter is  
unnecessary. Tickets are  
purchased virtually.**



**A mobile society must be able to obtain tickets and provisions quickly, easily and securely.**



mise their offerings with a view to travel itineraries, bottlenecks, alternative routes or for price campaigns. They can provide valuable information that enables the smooth progression through a combination of mobility offerings, for example with references to park-and-ride, taxis, car sharing, bicycle transport or car parks.

#### **Vodafone SmartPass creates opportunities**

As a pioneer in this development, Wirecard occupies a leading position Europe-wide with customers such as Deutsche Telekom, Orange, Vodafone and Telefónica. We provide a comprehensive portfolio of mobile payment solutions that can also be used in local public transport – from bridge technologies such as NFC stickers, which allow

users to make contactless payments even without an NFC-capable smartphone, to solutions such as SIM cards or handset modules.

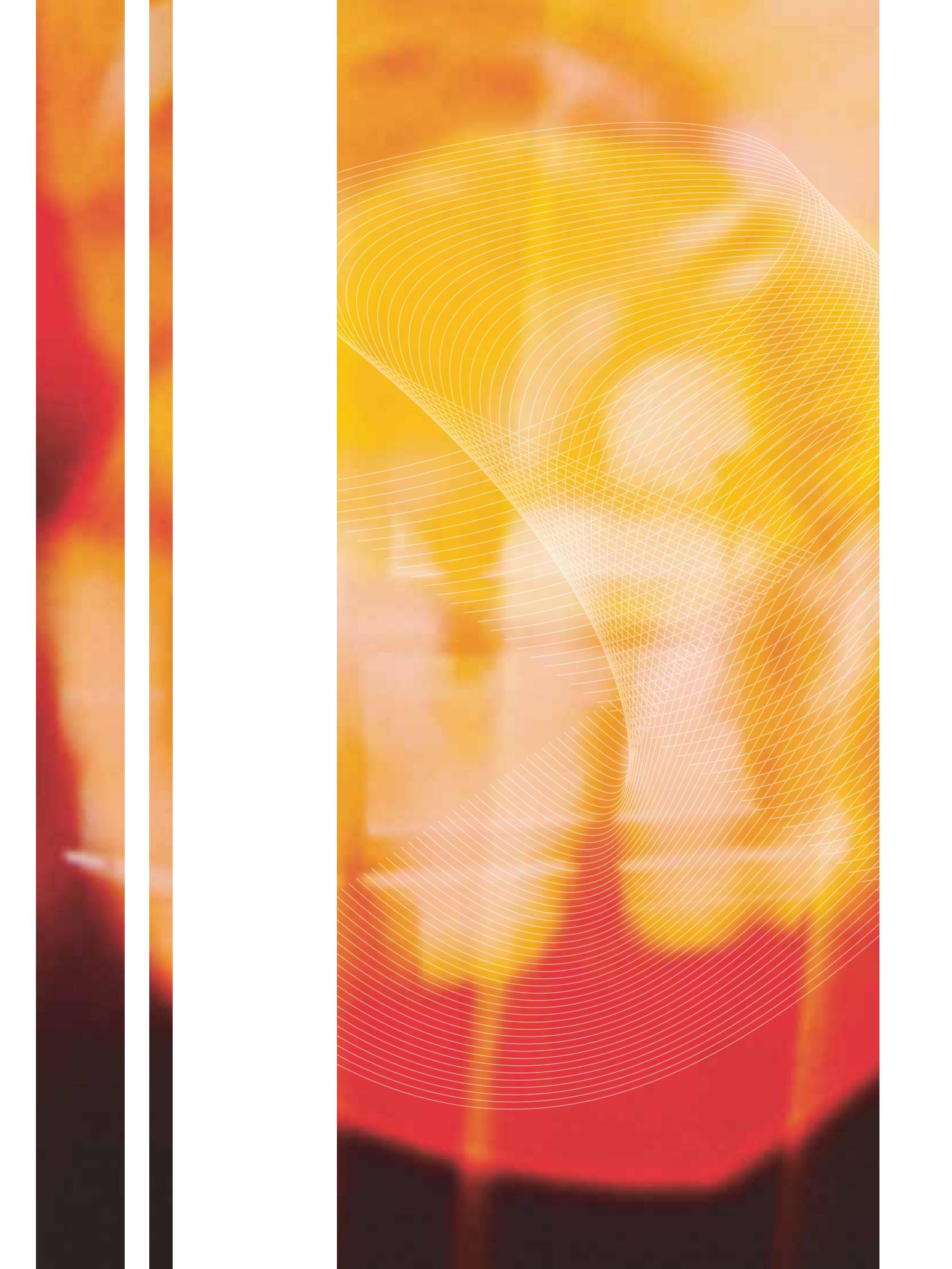
As of September 2014, Vodafone customers can now use their smartphone to make contactless payments for all public transport options under the British umbrella organisation, Transport for London (TfL), and also use it to pass through turnstiles. Since then, the concept is also being offered in other. Wirecard has produced comparable solutions, for the Indonesian local transport network, TransJakarta, or, for example, EZ-Link, a subsidiary of Singapore's Land Transport Authority.

Customers require an NFC-capable SIM card and the Vodafone SmartPass app in order to use Vodafone SmartPass as a

mobile wallet. To make contactless payments, the smartphone is simply held over the card reader. Transactions up to 25 euros can be authorised without entering a PIN. Those who are not Vodafone customers or who do not own an NFC-capable smartphone can also use Vodafone SmartPass with an NFC sticker on their SIM cards. ■



**To use Vodafone SmartPass as a mobile wallet, customers only need an NFC-capable SIM card, or an NFC sticker, plus an NFC-enabled device and the app.**



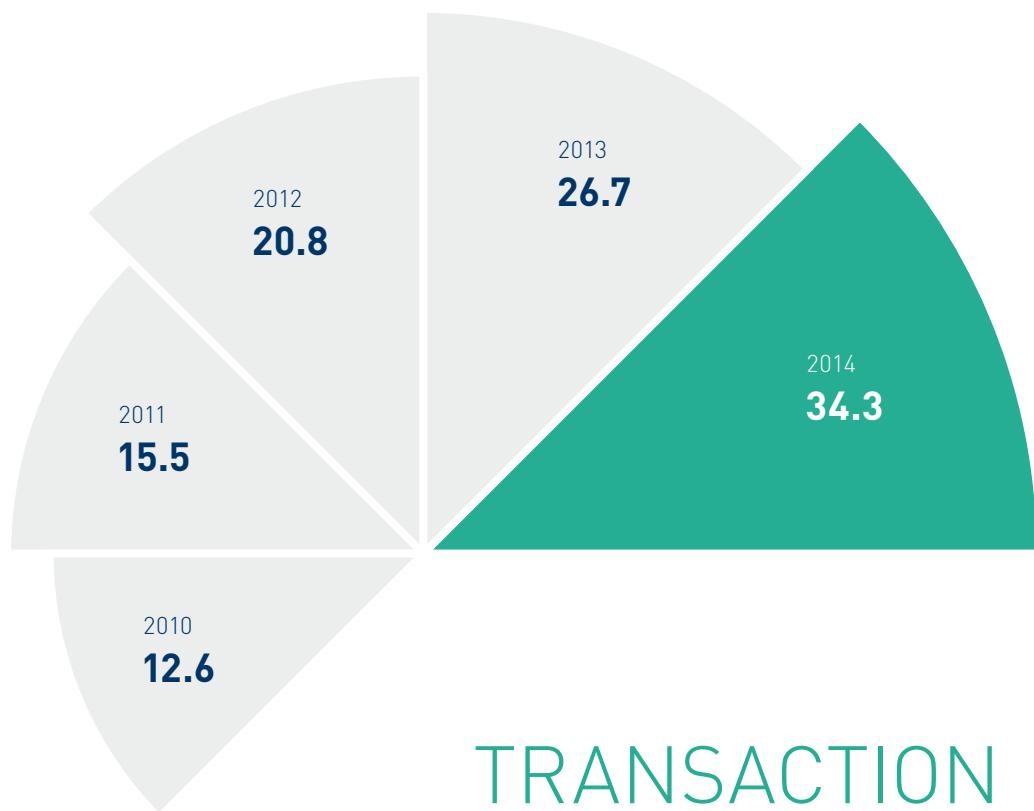


**SUCCESS BY  
THE NUMBERS**

The background features a person in a graduation gown and cap, though they are out of focus. A white, wavy line graphic runs diagonally across the left side of the page.

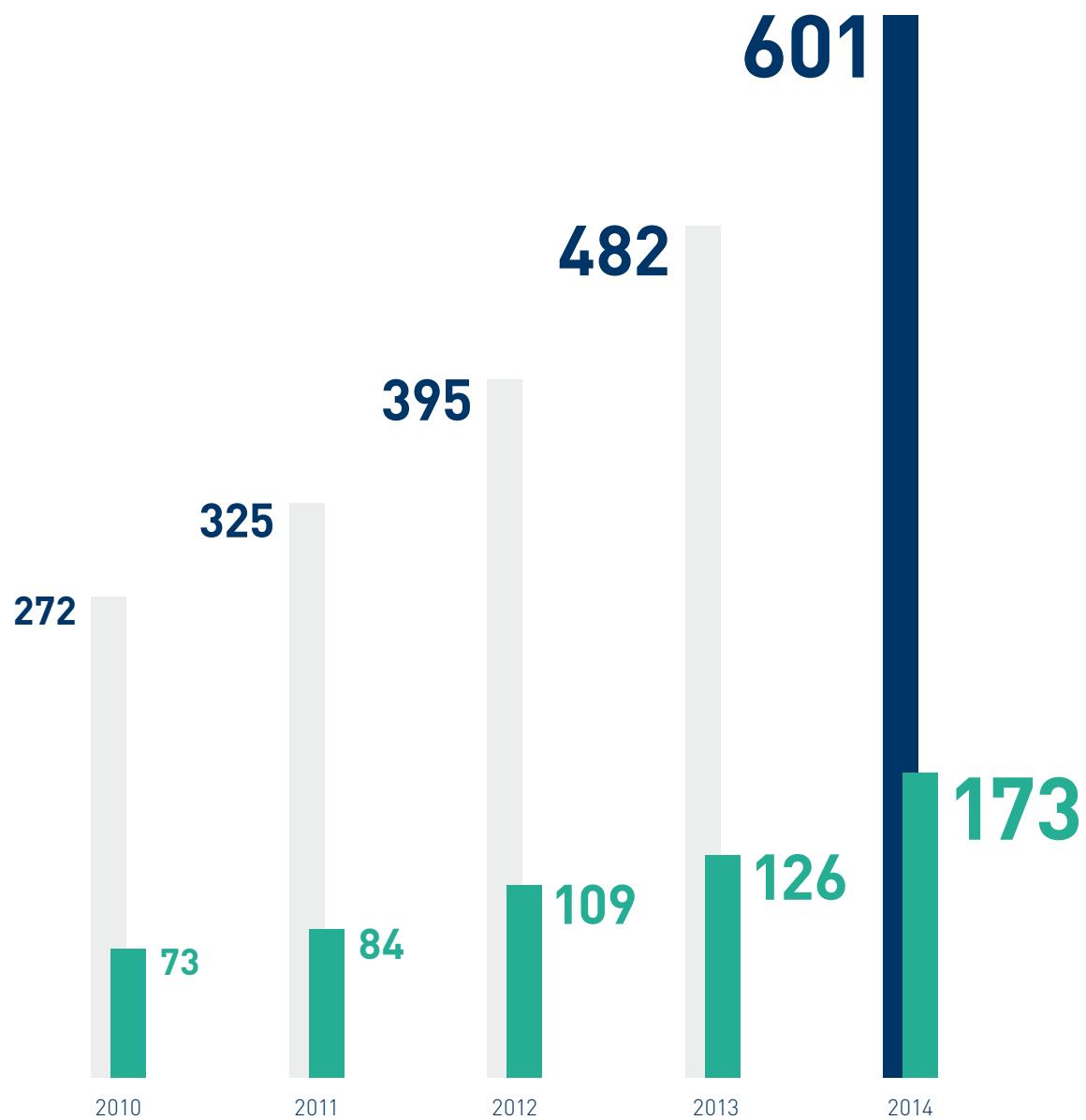
# CONTINUED GROWTH

Wirecard AG is recording a successful fiscal year 2014. In the reporting period, transaction volumes amounting to 34.3 billion euros were processed, sales increased to 601 million euros and earnings before interest, depreciation and amortisation (EBITDA) increased to 173 million euros.



# SALES EBITDA

(in million euros) (in million euros)



# NEW CUSTOMERS IN FISCAL YEAR 2014

As a technical enabler, Wirecard supports companies in the development of international payment strategies, whether offline, online or mobile. New key account projects were fulfilled during the reporting period, in addition to the continuous expansion of the solution portfolio to include innovative payment technologies.

SKY

SOFTWAREONE

SIOUX

+ Q 1

Sky: this is the leading TV subscription company in Austria and Germany. In 2014, Sky launched the Snap by Sky video on demand (VOD) portal and Sky Online, an internet-only TV service.

SoftwareONE: international experts for software licencing for manufacturers like Microsoft, Adobe, VMware, Oracle, Citrix Symantec and many more.

Sioux: this classic brand represents outstanding shoemaking and exceptional craftsmanship.

LA PRAIRIE GROUP

KLM

LEXWARE

+ Q 2

La Prairie Group, a company in the Beiersdorf Concern: the Group's focus on research and development guarantees qualitative, first-class, innovative products in the area of skincare.

KLM: the biggest airline in the Netherlands and the oldest existing airline in the world.

Lexware: specialist for software solutions for the financial management of companies and small operators.

QATAR AIRWAYS

BIJLIPAY

POCKIT

+ **Q 3**

Qatar Airways: airline with headquarters in Doha and based out of Hamad International Airport, member of the Arab Air Carriers Organization and the airline alliance, oneworld.

Bijlipay: the go-to-market brand of Skilworth Technologies Private Limited with headquarters in Chennai, India. The company develops new, innovative payment solutions for emerging markets.

Pockit: the Pockit Prepaid MasterCard can be used at 35 million locations to pay for products and withdraw cash as well as enabling users to take advantage of cashback and promotions offered by many UK retailers.

WESTWING  
ZOOPLUS AG  
TRANSJAKARTA

+ **Q 4**

Westwing: the online shopping club for home & living interiors is worldwide active in 15 markets.

zooplus: an online shop for pet needs in Europe. Besides the online shop, it operates an online information service and community about pets.

TransJakarta: TransJakarta Busway is the public transport operator of the bus rapid transit (BRT) system in Jakarta, Indonesia. The network currently has 177 stops along 12 routes and carries more than 6 million passengers each month.

# IMPRINT

**Publisher**

Wirecard AG  
Einsteinring 35  
85609 Aschheim  
Germany

[www.wirecard.com](http://www.wirecard.com)  
Tel.: +49 (0) 89 / 4424-1400  
Fax: +49 (0) 89 / 4424-1500  
Email: [contact@wirecard.com](mailto:contact@wirecard.com)

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**Investor Relations**

Tel.: +49 (0) 89 / 4424-1788  
Email: [ir@wirecard.com](mailto:ir@wirecard.com)  
[ir.wirecard.com](http://ir.wirecard.com)



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