IDEMIA

Payment on the move into the digital world

An interview with Philippe Bertiaux, Vice President & General Manager Payment and Jérémie Leroyer, General Manager Mobile Payment Business Unit at Morpho

 # PAYMENT

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The world of payment is changing rapidly, especially as the digital society is revolutionizing it. We asked Philippe Bertiaux, Vice President & General Manager Payment and Jérémie Leroyer, General Manager Mobile Payment Business Unit at Morpho, to explain the main trends in the payment market and what banks and financial institutions need to consider for a successful move into the digital world.

What do you see as the main developments in the payment market?

Philippe Bertiaux: "Today we see three major trends in the payment market. The most visible solution for digital payment until now has evolved around the bank card. After decades of magstripe cards, there is a worldwide trend of switching to smart cards, typically known as EMV (Europay MasterCard Visa) cards. This new standard will provide a much higher level of security. Morpho is a key player in the ongoing **global EMV migration**, in Europe, the United States, India and Latin and Central America. In Europe for example, smart cards have been in use for payment for years, with Morpho's support. Thanks to a strong customer base in the United States, Morpho is also supporting EMV migration there. As India is now launching its smart card program, Morpho, with several implementations in the country, is ready to provide its expertise. Latin America has been a Morpho stronghold for years, and the company is now bringing its expertise to all financial institutions to complete the switch to smart cards.

With the EMV migration in Latin and Central America, most of the banks were challenged on how to personalize their EMV cards. Morpho met their requirements of a minimal investment and an easy and safe personalization without a need for an expert inside their banks with a solution called TAURUS Personalization Suite. This Suite allows banks to continue focusing on their main business while Morpho resolves all the issues related to key management, data preparation, EMV personalization and file processing. Today 21 financial institutions in the region are taking advantage of this safe and cost-effective solution to go ahead in this migration process.

Second, we see ongoing strong **migration from contact to contactless payment technology** in the payment market. This worldwide transition is being supported by Morpho. Consumers, merchants and banks have experienced the benefits in the speed and convenience of contactless payment. Cardholders simply love to pay in a fast and convenient way. Just tapping a card means faster payments and less standing and waiting in line. The contactless card can even stay in one's wallet or handbag while paying. As a result contactless payment can also be used by banks to attract new customers. An additional motivation for banks to migrate from contact to contactless payment card technology is the fact that the technology allows the customers to use their banking cards for additional services. They create an added value for them, like transportation, access control and more.

An interesting example here is the card business in Colombia. We have been supporting our customers here in dual interface (DIC) implementation projects and, more than that, in finding new ways of adding value to card users. Most of the issued dual interface payment cards are also used to get access to the mass transport systems (MTS) in the main cities of Colombia. In Bogota the MTS has developed its own application that is loaded and personalized by Morpho into the dual interface card chip. Banks' clients are using their payment cards more and more on a daily basis." **Jérémie Leroyer added**: Last but not least, secure and convenient **mobile payment solutions** have become more and more important in the payment market. The main evolution is the usage of the smartphone to perform mobile payment. At Morpho we are ready to offer digital payment services. We provide "standard" mobile payment solutions using Host Card Emulation (HCE). This is a solution involving the emulation of card functions in the Cloud.

The HCE model frees up financial institutions when it comes to developing mobile payment services and tokenization (replacing the card number by a token) based on our AirTag technology acquisition as well as a new user experience for mobile payment (e-commerce payment solutions combined with Know Your Customer (KYC) and Morpho's enrollment solutions). A good example is our new product AIRPASS: a complete digital payment platform for financial institutions to offer secure and streamlined ways to pay in-store, in-app or on the web using credentials on a secure element or in the cloud. In parallel, we are investing in the development of new physical payment mediums and devices for convenient mobile payment, for example passive stickers or other wearables like wristbands, which are increasingly requested in European countries for big events like concerts, sport events, etc. Why are we pushing these developments? Well, we already learned that contactless mobile payment via NFC technology brings greater convenience for proximity payment. Furthermore, multiple contactless bridge alternatives are increasing cashless transactions and helping financial inclusion in the market. Contactless has shifted the in-store payment landscape, opening up a fertile space for consumer-led innovation."

How do you see Morpho's role in the changing payment market?

Philippe Bertiaux: "We see ourselves as a partner for banks and other financial institutions in the move to the digital world, enabling our customers to put in place valuable payment solutions using mobile phones. As a worldwide leader in digital security and in biometric authentication technologies, Morpho is one of the few companies with a full range of expertise in all aspects of digital payment. Our products and solutions are dedicated to physical and digital payment and payment services. We are the world leader in biometrics, we master the entire digital identity value chain and we offer the most comprehensive solution on the market: from identity acquisition, graduate authentication and secure transaction to payment and data protection. Morpho can enable banks to offer the end-consumers, i.e. the customers of the banks, the services they expect in our ever more connected and mobile world, such as seamless authentication of payment transactions and remote KYC processes via biometrics."

Jérémie Leroyer: "Banks need to move with major technological evolutions and take advantage of the new opportunities coming with this innovation to stay competitive and avoid any threats. We can help financial institutions here to secure digital processes, meet regulatory requirements and improve customer service and efficiency. Over the years we have built close relationships with our customers, allowing us to better understand the needs of financial institutions and other players in the payment industry."