

# MINT PAYMENTS LIMITED (ASX: MNW)

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INVESTOR DAY 2017:  
DEMYSIFYING THE WORLD OF PAYMENTS

JANUARY 2017





## Bill Bartee

- Welcome address





## Peter Wright

- Global payment trends
- The Australian and New Zealand payments market

# USD\$51 trillion

Consumer Payments Retail Value (7% CAGR)

# 3.5 trillion

Global Transactions in 2015 (3% CAGR)


## 2x growth rate

APAC transaction volume/value vs global average CAGR

- Rapid change and disruption of the payments landscape across existing and new channels
  - Payments data increasingly valuable for loyalty and marketing purposes
    - Consumers engaging multiple channels
  - Mobile payments poised for explosive growth (Wallets, In-App)

# GLOBAL PAYMENT TRENDS

Non-cash payments in all markets globally are growing . . .

-  Global non-cash transaction volumes grew at 10.1% in 2015 (426bn transactions)
-  Global non-cash transaction volumes drivers comprise Emerging Asia (31.9%), Central Europe, Middle East and Africa (CEMA, 15.7%) and Mature Asia-Pacific (11.6%)
-  Cards have been the fastest growing payments instrument since 2010
-  Debit card use has grown fastest (10.7%) and account for 45.7% of non-cash transactions
-  Non-cash payments increasing across all channels
-  Cash and Cheque use has declined consistently for at least the past 13 years

# GLOBAL PAYMENT TRENDS

What's likely to continue this year

- As shopping moves In-App, digital payments replace cash, both on-line and in-store
- Multi-channel solutions win as channels converge
- Loyalty enters a new age, personalised, geo-targeting, multi-merchant coalition
- Increased regulation spurring collaboration between traditional and new players
- Cloud-based POS services enable further specialisation, open API's
- Domestic infrastructures move to real time, eg NPP
- Security and Fraud prevention critical: EMV, tokenisation, Biometrics
- New revenue models strengthen fee income
- Strategic partnerships crucial to serve the full value chain
- Increasing amount of M&A in FinTech space, Payments epicentre of innovation



# GLOBAL PAYMENT TRENDS

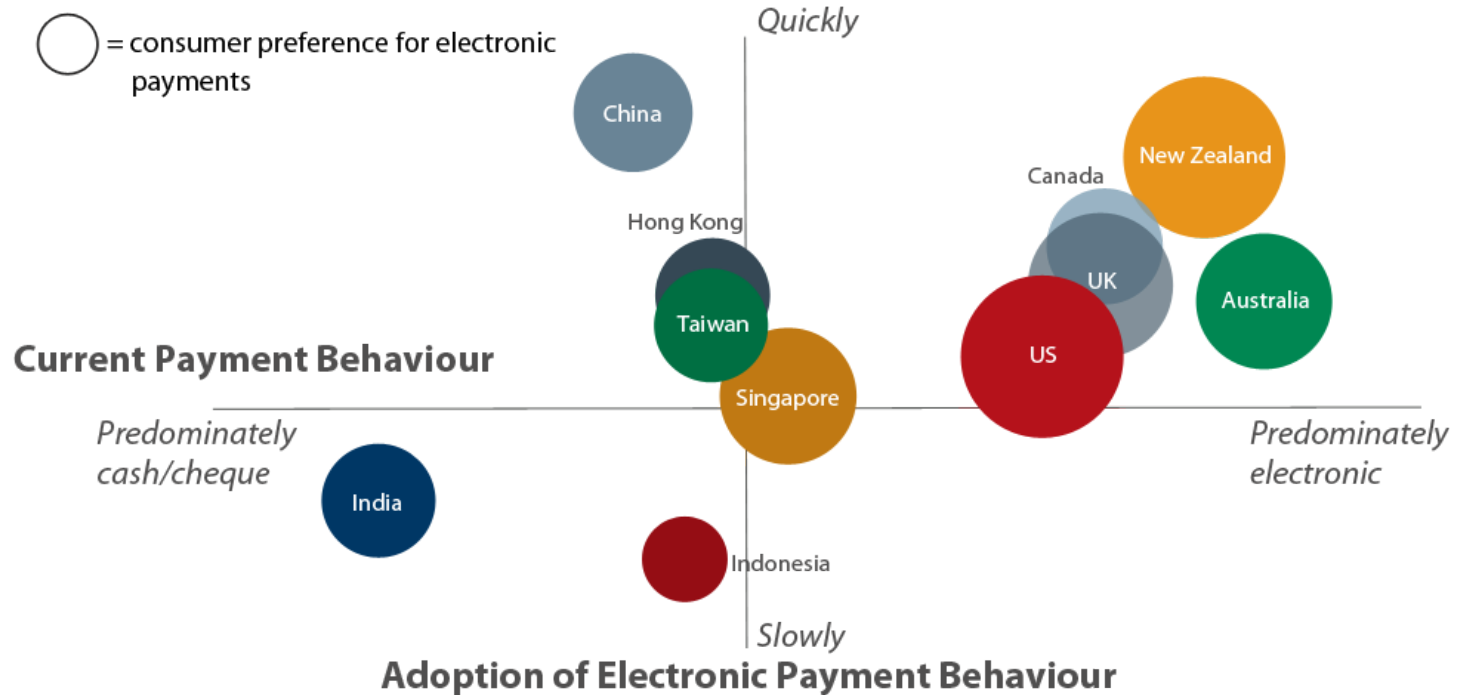
Banks view of payments ....

- **Enormously attractive piece of overall banking mix**
- **Global payments revenues increased marginally in 2015 and expected to grow 5% per year over next 5 years exceeding USD2 trillion by 2019**
- **Strong payments fundamentals drive favourable forecasts, however macroeconomic factors pose some level of uncertainty, low interest rates, non-bank attackers, increased regulation**
- **APAC represents just under half of total global banking revenues**
- **Share of Payments revenues in global banking revenues declining slightly from 34% to 33% in 2015, still representing 2<sup>nd</sup> largest revenue pool for most large/global banks**
- **Good health of transaction-related revenues is a positive sign for the long-term resilience of the Payments industry**
- **Increasing positive view of collaboration with FinTechs**

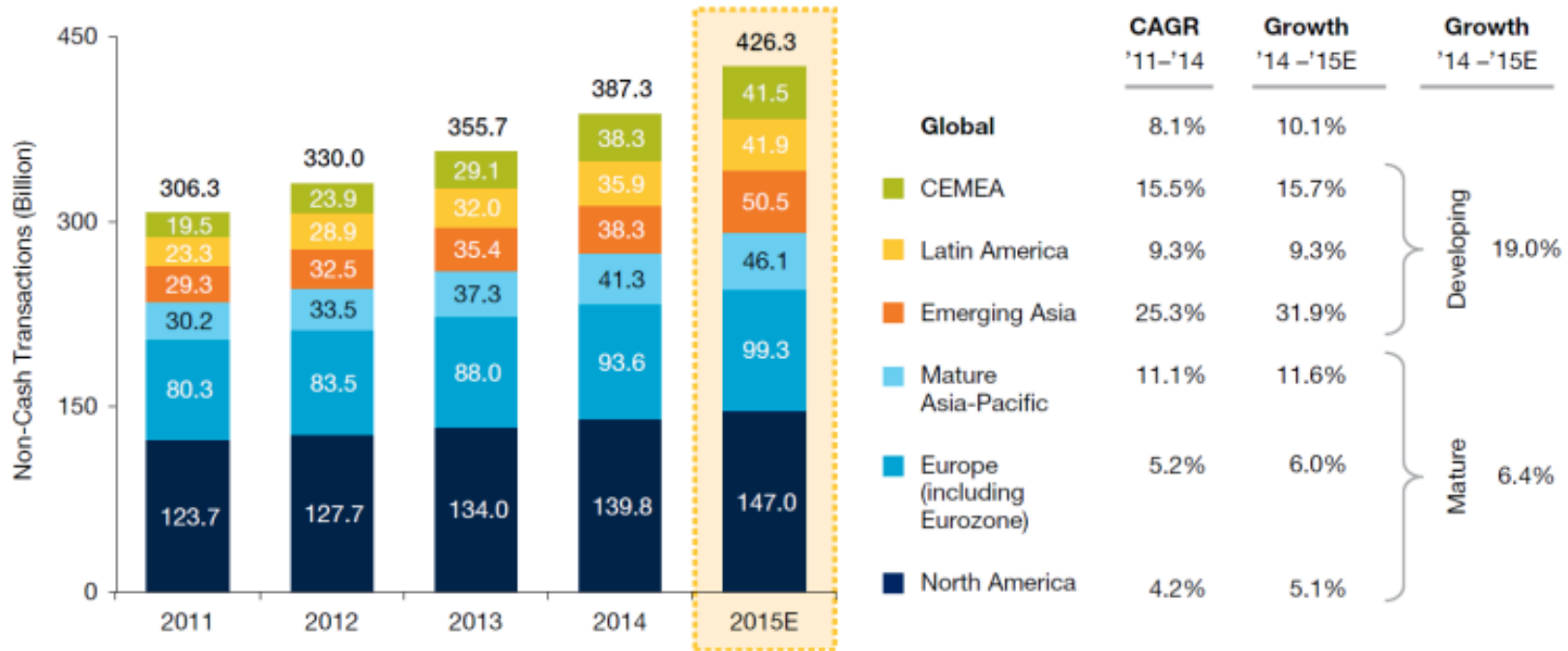




# GLOBAL ADOPTION OF ELECTRONIC PAYMENTS



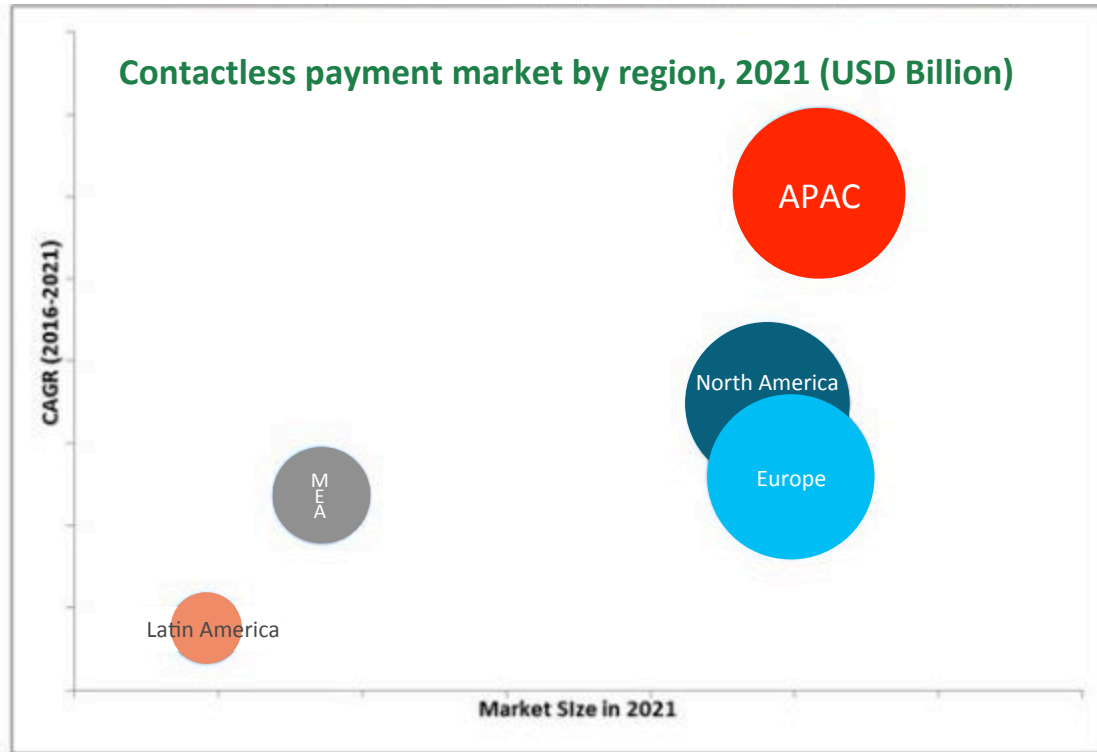
# NON-CASH TRANSACTIONS GROWTH HIGHEST IN ASIA



Global non-cash transaction volumes grew at 10.1% but Asia grew over 31.9%



# CONTACTLESS PAYMENT MARKET BY REGION

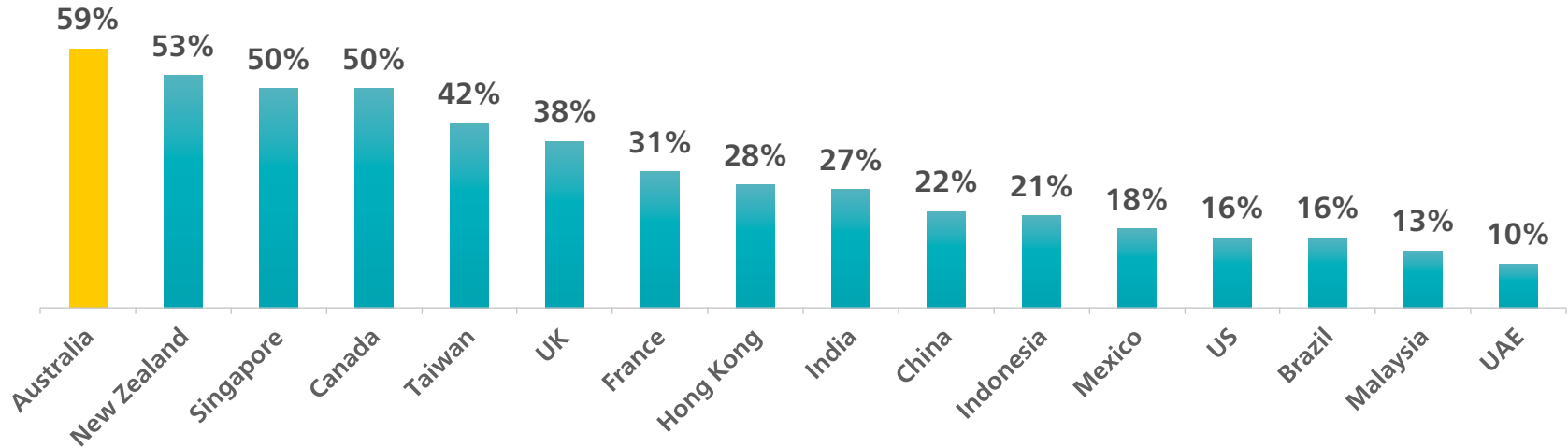


APAC Driving Growth through Contactless Channels



# SENTIMENT TOWARDS CONTACTLESS PAYMENTS

*Contactless payments as a proportion of the whole population*



*Australia, NZ and Singapore are the most likely to use contactless payments*



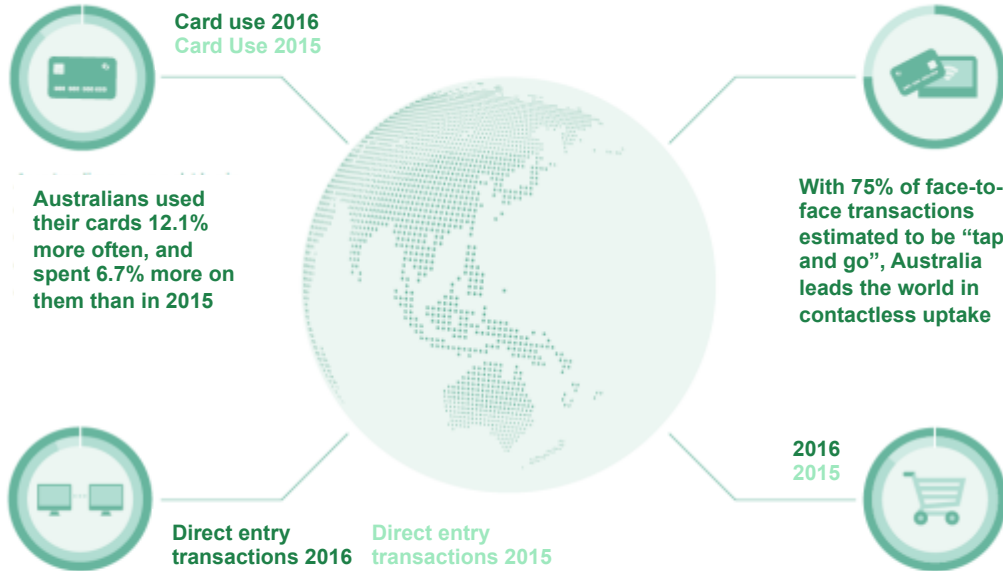
# AUSTRALIAN PAYMENT TRENDS

In line with Global trends

- **Australia at the forefront of digital adoption:**
  - **72% of all bankcards are now contactless**
  - **Contactless key transaction volume driver, especially lower value**
  - **Mobile commerce expected to grow at over 20% CAGR for next 5 years**
  - **MTBs still dominate however disruption high in niches: PayPal, Tyro, MINT, Square**
  - **Highly regulated market levelling playing field for new entrants**
  - **New Payments Platform set to enhance further non-cash payments**



# PAYMENT LANDSCAPE IN AUSTRALIA & NEW ZEALAND



On average, every Australian over the age of 15 has 3 payments cards



There is 1 point-of-sale terminal for every 20 Australians over the age of 15

Direct entry transactions grew by 7.2% in number and 2.6% in value

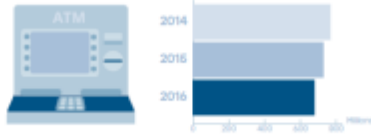
Online spending by Australian grew by **13.5%**

Strong Card Adoption and Usage Across All Demographics

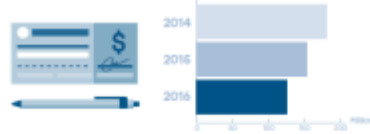


# PAYMENT LANDSCAPE IN AUSTRALIA & NEW ZEALAND

## DECLINE IN CASH & CHEQUES IS ACCELERATING



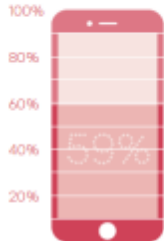
ATM withdrawals dropped by 6.6% compared to 4.9% in 2015



Cheques use dropped by 17.2%, compared to 15.7% in 2015

Source: Reserve Bank of Australia

## MOBILE PAYMENTS ARE ON THE RISE



Australia has one of the highest smartphone penetration levels globally, and 59% of Australians with smartphone have used them to pay for goods and services.



Tablets are an important part of the puzzle. 71% of Australians over the age of 18 have made a payment using a mobile phone or tablet.

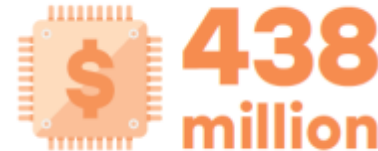
Source: PayPal

## INVESTMENT IN FINTECH CONTINUES TO GROW

Fintech formed its industry peak body Fintech Australia and has over



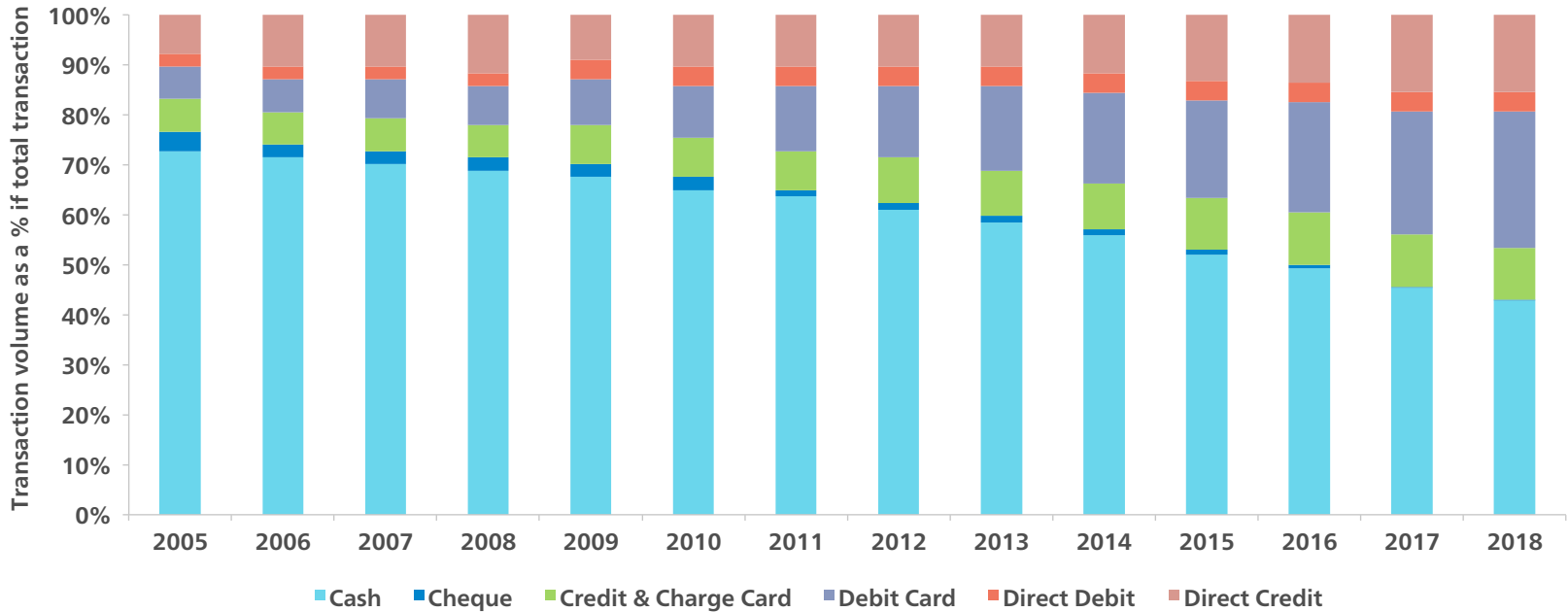
## INVESTMENTS IN AUSTRALIAN FINTECH MARKET TOTALLED



Source: Fintech Australia



# % OF PAYMENT TRANSACTIONS BY PAYMENT METHOD

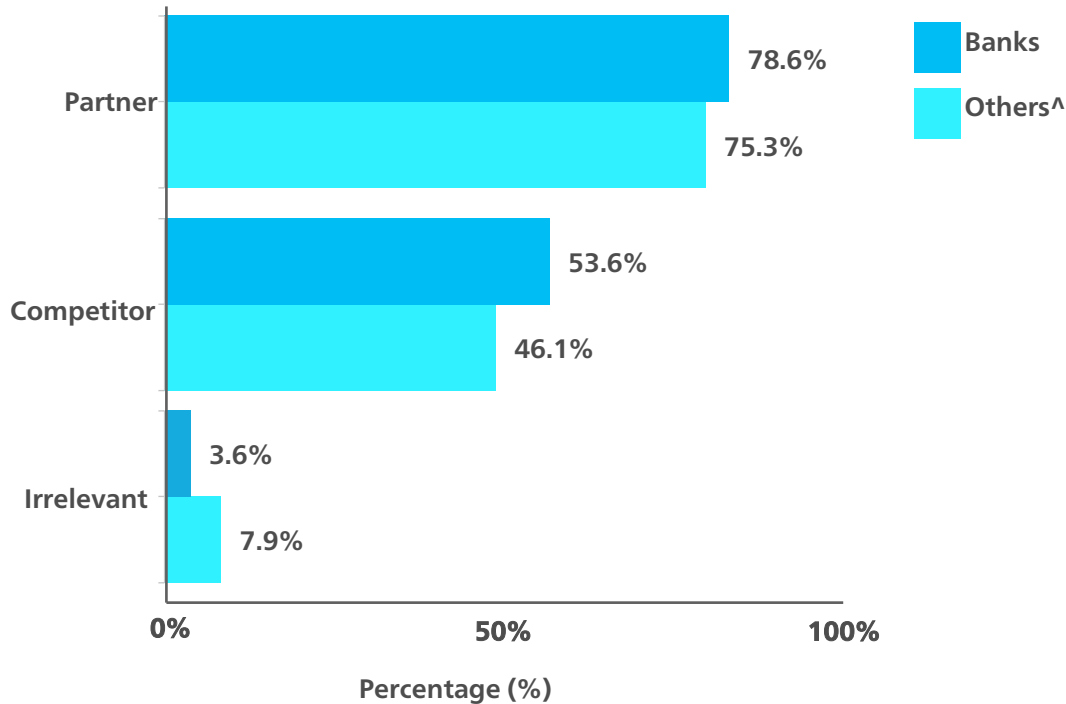


Cash and Cheques in Decline. Credit & Debit on the Rise.





# BANKS & INDUSTRY PERCEPTION OF FINTECH



- Transaction Banks face increasingly ambitious demands from businesses for digitisation
- An open approach will help banks stay ahead of the competition and grow their transaction banking business
- Collaboration a key strategy for Banks to gain advantage in transaction services



# ADVANTAGES TO BANKS FROM COLLABORATION

Processes	Assess	Improve	Benefits
Strategic	<ul style="list-style-type: none"><li>• Verify the need for transforming or adding transaction banking offerings</li><li>• Evaluate the need to develop the offering in-house or via external collaboration such as API banking</li></ul>	<ul style="list-style-type: none"><li>• Collaborate with third-party industry players to leverage their experience with latest technology to develop a transaction banking offering</li></ul>	<ul style="list-style-type: none"><li>• Achieve stability in treasury operations and reachability with a reduced time to market</li></ul>
Financial	<ul style="list-style-type: none"><li>• Evaluate investment requirements to develop niche offerings to a corporate segment or geography</li></ul>	<ul style="list-style-type: none"><li>• Augment existing corporate product portfolio by collaborating with a FinTech firm</li></ul>	<ul style="list-style-type: none"><li>• Reduce financial risk and exposure to develop a market relevant transaction banking service</li></ul>
Compliance	<ul style="list-style-type: none"><li>• Estimate level of standardization and streamlining required for new regulatory requirements</li></ul>	<ul style="list-style-type: none"><li>• Automate documentation intensive activities such as operations center level data reporting by leveraging solutions from a RegTech firm</li></ul>	<ul style="list-style-type: none"><li>• Achieve efficient adoption of regulatory practices requirements into day-to-day operations</li></ul>



# DIGITAL PAYMENTS APPLICATION – FUTURE IS NOW!

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## EMBEDDED PAYMENTS



The concierge app on Ms Smith's smart phone automatically syncs with her diary and identifies an upcoming trip. The app books her ride to the airport, arranges collection of pre-ordered shopping, selects personalised music for the ride and checks her in to the flight. Once in the car, her identity is biometrically authenticated. Using her cloud passport details, the app also prefills and forwards customs and immigration forms to the airport authorities. The concierge app manages the payment at each step of the journey.





## Michael Walters

- How Asian regulators are driving e-payments
- Why will payments be mobile centric?
- What are the Asian opportunities for Mint?
- Why Vix Investments has invested in Mint?

# WHILST REGULATORS / GOVERNMENTS ARE OFTEN BLAMED FOR HINDERING E-PAYMENTS, IN ASIA THEY ARE OFTEN THE CATALYST

- Supporting economic development through reducing payments 'friction' (China)
- Lowering payment costs by encouraging transparent pricing (Malaysia)
- Increasing the tax base through reducing the 'black/cash economy' (Thailand)
- Addressing corruption and counterfeiting by reducing the utility of cash (India)
- Increasing financial inclusion through e-payments for consumers / SMEs (Philippines)
- Encouraging innovation and competition through enabling fintech / new entrant access (Australia)

# INDEED, RECENT DEVELOPMENTS IN KEY ASIAN MARKETS ARE FUNDAMENTALLY CHANGING THE PAYMENTS LANDSCAPE

- China's Unionpay has surpassed Visa as the world's largest payment scheme by several measures
- However, it uncompetitive with mobile payment leader Alipay, itself being challenged by WeChat Pay
- In India, RuPay was to emulate UnionPay, but growth lies with mobile challengers such as PayTM
- Other markets including Thailand are rolling out national payment card schemes, but are they too late?
- Malaysia has dramatically shifted volume off cheques and cash onto multiple e-payment platforms
- Whilst throughout the region, payment acceptance commitments continue to develop
- India's currency initiatives have other countries considering a range of aggressive initiatives

# THIS IS DISRUPTING AN INDUSTRY THAT HAD INCREASINGLY BECOME 'SLEEPY'

- Domestic debit schemes are emerging, evolving, competing – even internationally
- Immediate payment programs are challenging the growth of card schemes
- Mobile based payment products have not only emerged, but are surpassing cards
- Digital currencies are being broadly considered by central banks for a range of purposes
- Tokenisation of payment data is allowing new payment channels and form factors
- Decoupling of the 'token' from the funding source is beginning to occur
- Biometrics, especially ties to devices, is being taken seriously for authentication
- Traditional payments companies are reconsidering their roles moving forward



# THIS DISRUPTION IS CREATING OPPORTUNITY, PARTICULARLY IN RELATION TO SERVICING MERCHANT PAYMENT NEEDS

- The 'acquiring' business has long been the poor cousin of the 'issuing'
- The shift from bricks to clicks has fundamentally changed payments, as will the move to 'flicks'
- Many customers engaged through new channels, but now wish to hand-off between them
- They also want to use a variety of payment mechanisms, including digital currencies, points
- This is making payment more complex, with increasing risk, pricing and operational complexity
- Existing platforms and processes are inadequate and unable to be readily adapted to meet these needs
- Acceptance development is increasingly the major area of focus for payment schemes
- The merchant 'acquiring' business is now the growth opportunity in the payment industry



# MINT IS WELL POSITIONED TO ADDRESS THIS DEMAND, BOTH IN DEVELOPED AND DEVELOPING MARKETS

- Mint is today able to support transactions initiated down multiple channels
- It provides a white label platform that can be readily implemented by existing participants
- It is developing integrations with strategic applications and service providers
- It can support all emerging mobile / NFC payment methods, as well as token based products
- It doesn't require extensive capital to market its product, but rather partners with existing participants
- It has credibility with financial institutions and payment schemes due to it's A/NZ experience
- It has shown an ability to take its product into new markets, including most recently Asia





## Alex Teoh

- Mint's role in the payments value chain
- Working with Financial Institutions
- Growth opportunities in Asia
- Mint in retail & hospitality
- Competitive landscape

# MINT PAYMENTS

A leading payment solutions & technology partner in Asia-Pacific

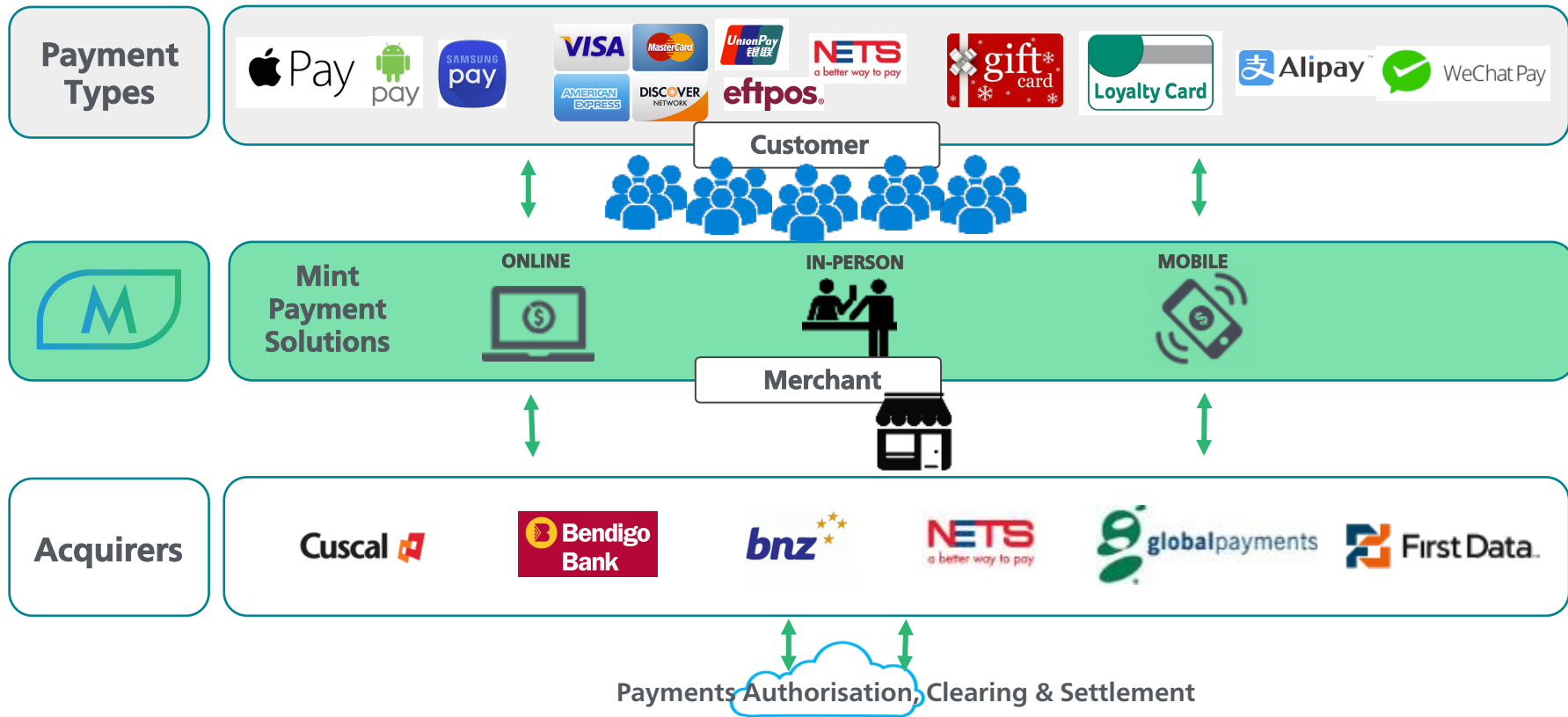
Mint gets companies ready to capitalise on the changing ways the world wants to transact and pay.

To be ready to open their doors, ready to launch new products and compete, to propel profits and transform economies – whenever, wherever and however they want



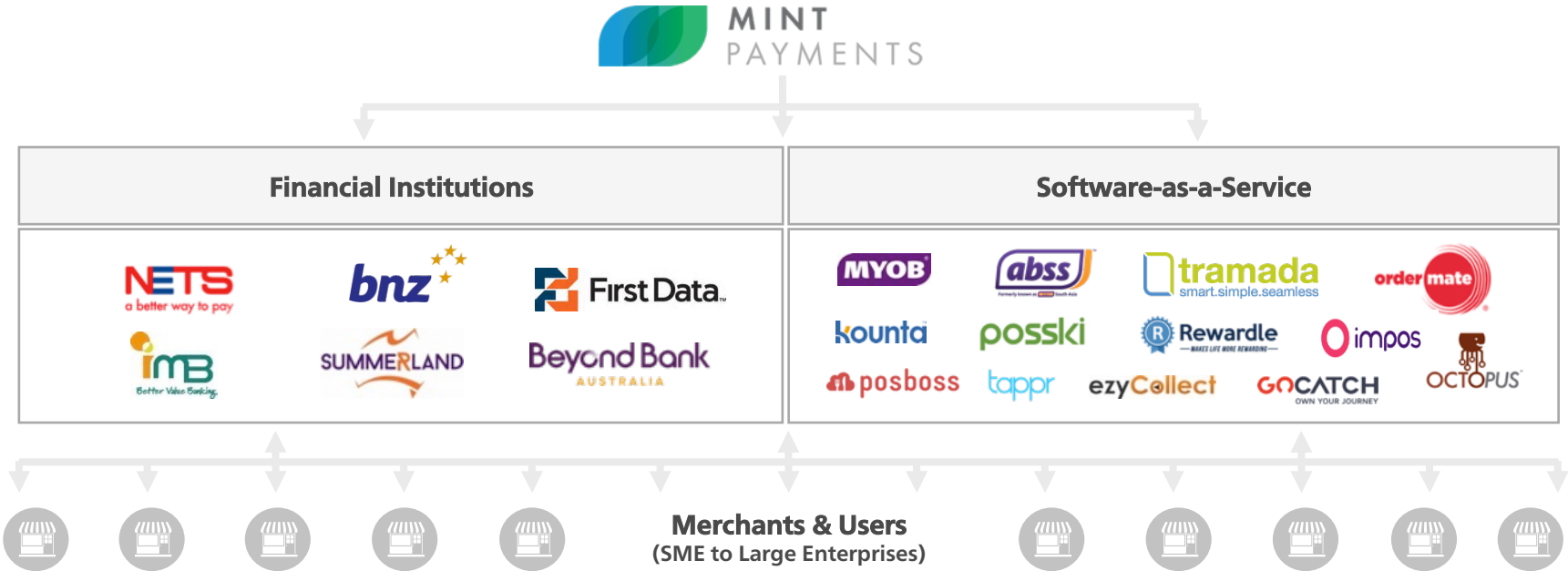
# MINT'S ROLE IN THE PAYMENTS VALUE CHAIN

Mint has a range of payment acceptance solutions, developed on a compliant infrastructure layer, that takes the complexity away from merchants looking to accept all types of payments, presently operating in four countries (Australia, NZ, Singapore & Malaysia) in the Asia-Pac region



# PARTNERING WITH MARKET LEADERS

Mint is focused on two key partner channels for distribution, volume & scale



# COLLABORATING WITH FINANCIAL INSTITUTIONS

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## Why are we playing in this space?

- Traditional banks responding to the threat of fintech by partnering with them
- Banks benefit through access to innovative technology, reduced risk, capital expenditure and a faster route to market
- In Asia, Reserve Banks in the region are mandating electronic payment reforms & the move to Chip & PIN (EMV) mandates by Visa and MasterCard have commenced in 2016

## How will we play in this space?

- White label & license Mint products to financial institutions in Australia, NZ & targeted markets throughout Asia



## BI INTELLIGENCE

We think banks will adopt a strategy of partnering with smaller fintech firms in order to leverage their services and bring them to a wider audience. That's because it's often easier than building these services in-house.



# THE SINGAPORE PAYMENTS AGENDA

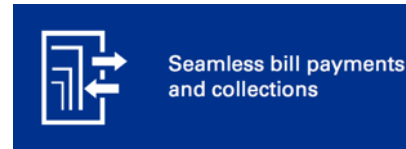
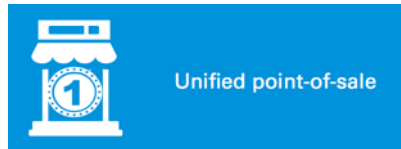
The **Monetary Authority of Singapore** has set out a vision for the development of the Singapore's payments industry through the release of the Singapore Payments Roadmap in August 2016

**Universal adoption** of electronic and innovative payments

**Reduced reliance** on cash and cheques by consumers and businesses

**Lowered cost** of payment systems to the economy

**Mint** is playing a part in at least two of the four strategic projects identified in the MAS Singapore Payments Roadmap



# SINGAPORE TODAY...

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- **Highly inefficient**
- **4 – 5 payment terminals per lane - Costly to merchants**
- **Non-integrated**





**Mint has entered into a five (5) year agreement with Singapore's most widely used electronic payment option & the country's largest merchant acquirer – processing S\$23 billion annually across 90,000 acceptance points**

- Mint to deliver Singapore's first unified mPOS to enable merchants to accept both NETS & credit/debit card payments
- Agreement covering In-Person & Online payment solutions
- Partnering with NETS as a transaction switching provider, further enhancing Mint's access and value to channel partners in Singapore



# PARTNERING WITH BUSINESS SOFTWARE APPLICATIONS

## Why are we playing in this space?

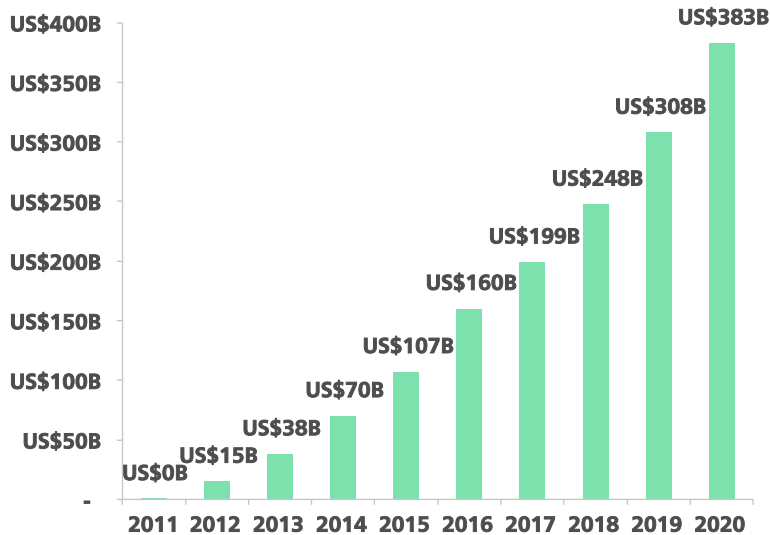
- Partner and integrate with the largest and the best small business software applications in the world (with a focus on Accounting, Point of Sale and Travel software application providers)
- Targeting high transaction value & volume verticals such as retail, hospitality & travel
- Disruption in the small business software industry is happening now



# WHY WE ARE FOCUSED ON RETAIL & HOSPITALITY?

## Global Cloud POS

*Estimated gross payment volumes of US\$383 Billion by 2020 processed through Cloud POS*



## Australian Retail Size

*Mint's omni-channel strategy enables it to address the entire \$317B Market*



# create possible

Sydney sea planes #poweredbykounta

Kounta helps the hospitality industry do a lot more with a lot less.

We create efficiencies for the businesses we serve and find ways to reduce the industry's complicity in food waste.

**kounta**

# HOW KOUNTA AND MINT ARE SERVING THE HOSPITALITY INDUSTRY

- Easy Integration between point of sale & payments
- No keying errors, no loss of sales revenue
- Real time reconciliations
- Faster service times – increased revenue
- More time spent on bringing customers back



**Already got Kounta? Let's get integrated.**

Integrating payments with your Kounta POS saves time, reduces keying errors and helps peak queue times. Less time handling payments means more time spent managing your business in a way that keeps customers coming back.

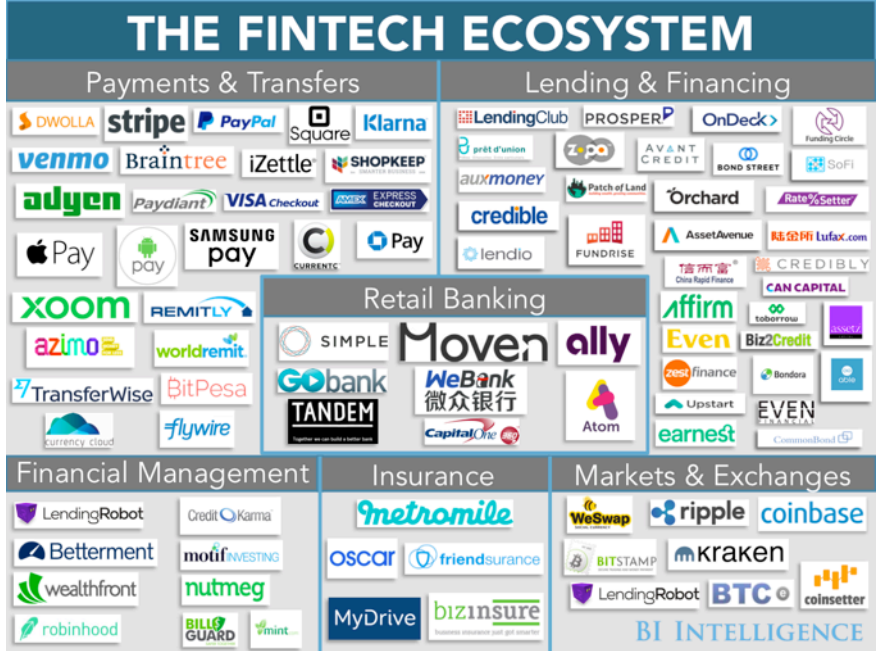
- Priority application and set-up support**  
We'll respond within 24 hours and put you in touch with a support expert dedicated to ensuring your application and device delivery is handled as efficiently as possible.
- DIY install with flexible configuration**  
No need for external installation services. Quick and easy set up via free apps for Apple or Android tablets and smartphones.
- Compact footprint**  
Light, yet robust the Mint mPOS solution mounts to your countertop. No need for clunky terminals taking up your valuable countertop space.
- Secure transactions**  
Our payment solution is fully certified and uses PCI-DSS compliant, bank-grade security and encryption. Your business and your customers are safe.
- Accepts all payment types and methods**  
Accepts coffee, A/mex, Mastercard Visa and other major cards via secure swipe, EMV Chip & Pin and tap. Contactless payment methods.
- Improve cash flow and customer satisfaction**  
Deep integration with Xero lets you accept payments quicker, deliver goods and fit your cash flow potential.
- Low monthly pricing**  
Low monthly pricing provides flexibility and keeps your capital working for your business.
- Fast settlement**  
Access funds quickly via next day settlement into any Australian bank account.



# COMPETITIVE LANDSCAPE

Mint differentiates itself from the players in the fintech ecosystem by enabling and partnering with the incumbents

## “The players”



- Collaborate through white-label & licensing of our technology to market leading Banks and business software-as-a-service applications
- We deliver an omni-channel payments experience (In-person, online and mobile) – single application with a seamless user experience
- Focused on markets with high local debit card penetration (Australia, NZ, Singapore, Malaysia and HK)
- International AND local certifications and compliance (e.g. EFTPOS, NETS, Mydebit)
- Designed for developers and integrators with a set of APIs and plug-ins for a “low-touch” developer eco-system

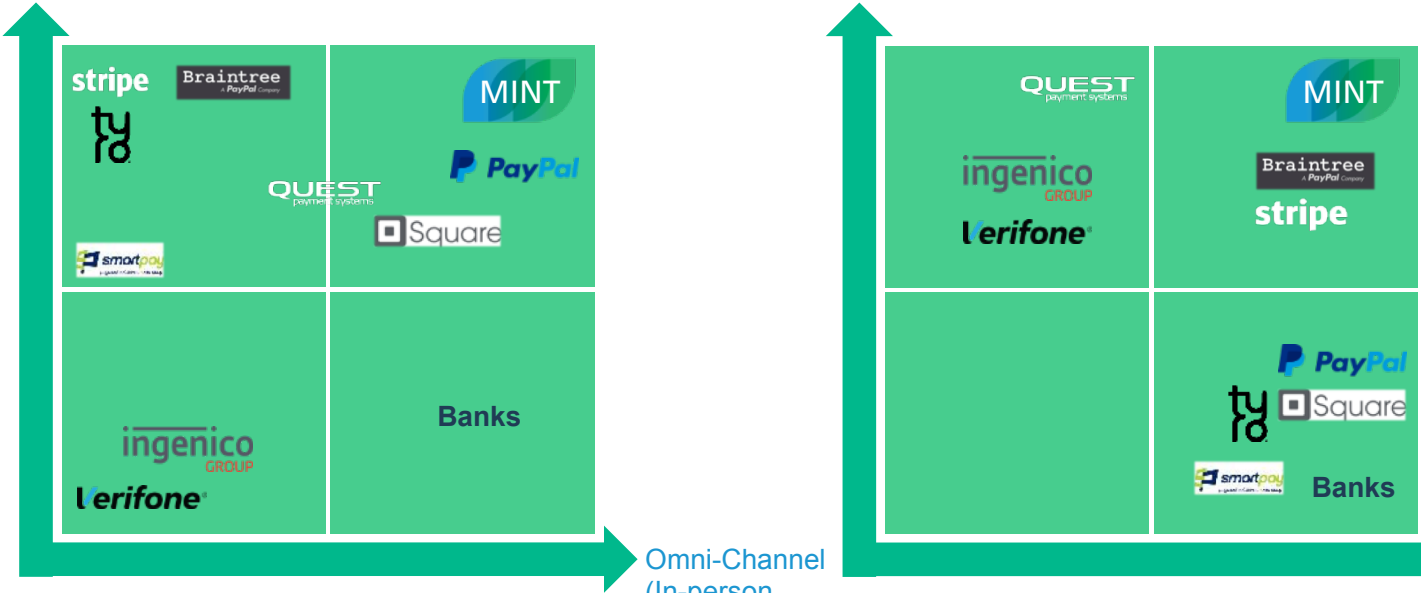


# FEATURE QUADRANT COMPETITIVE LANDSCAPE

Comparing the key value propositions of payment providers

Integration  
(APIs, SDKs)

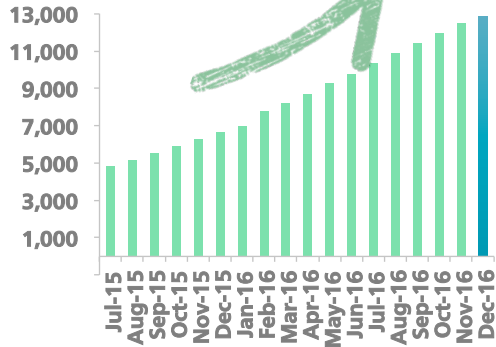
White Label,  
Scalable Platform



# KEY OPERATING METRICS

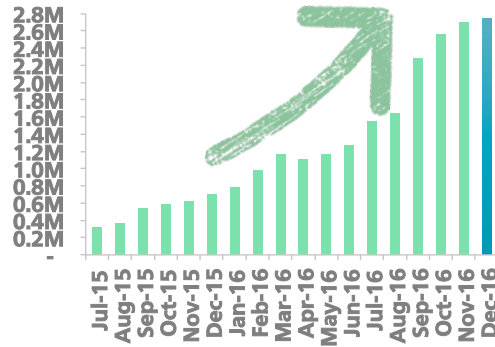
*Active users & transaction volumes expected to accelerate from recently announced partners' launch in domestic & Asian markets*

**Active users**  
**12,900**



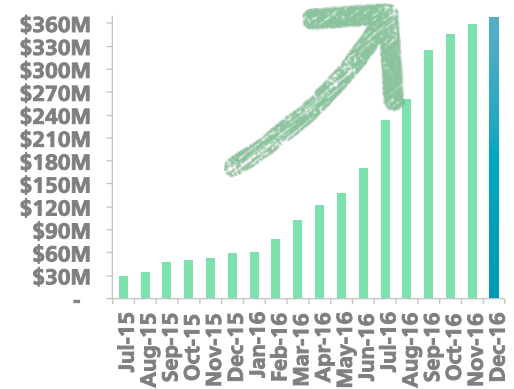
Growth from previous quarter:  
**+ 13%**

**Annualised Transaction Volume**  
**2.75M**



Growth from previous quarter:  
**+ 46%**

**Annualised Transaction Value**  
**\$368M**



Growth from previous quarter:  
**+ 31%**

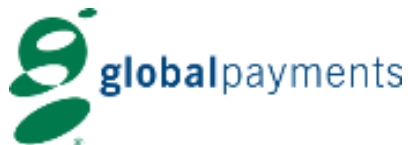
*Growth in active users and transactions with a focus on high value & high volume transactions from software-as-a-service industry verticals*





# GLOBAL PAYMENTS

Strategic partnership agreement with one of the largest independent merchant acquirers in the Asia-Pacific region



- This agreement enables Mint to utilise Global Payments as an acquirer, in the territories of Malaysia and Singapore with additional territories to follow
- This will assist with the launch of Mint's integrated payment solutions for ABSS (MYOB South Asia), Malaysia's leading accounting software
- Global Payments will also resell to its merchants, Mint's range of payment solutions in these two markets

## GLOBAL PAYMENT'S ASIA PACIFIC PAYMENTS ECOSYSTEM

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COUNTRIES

110,000

MERCHANTS

>180M

TRANSACTIONS  
PROCESSED

>\$25B

DOLLAR VOLUME  
PROCESSED



# **PANEL DISCUSSION: QUESTIONS & ANSWERS**

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