Welcome to the **March** edition of *ACT News – Driving Insights.* This complimentary service is provided by ACT Canada. Please feel free to forward this to your colleagues.

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1. CANADA WANTS TO GOVERN CRYPTO EXCHANGES IN WAKE OF QUADRIGA SCANDAL

Source: PYMNTS (3/14)

Canada wants to redo securities regulations to include cryptocurrency trading operations like Quadriga, which lost the ability to access $195 million of investor holdings after the death of Gerald Cotten, its founder. Bloomberg reported that Canadian Securities Administrators (CSA) is looking for comment on a proposed framework "to address the novel features and risks" of crypto trading. Those features include the lack of safeguards for investors, inadequate security controls and conflicts of interest, among other things.

Pat Chaukos, deputy director of the Ontario Securities Commission's LaunchPad, said some crypto traders are subject to regulation but that depends on what assets they trade in, and the way they're operated.

"This consultation is really directly responsive to what we've heard from these platforms," Chaukos said. "They've told us that a regulatory framework is welcome because they're trying to build consumer confidence and expand their businesses across Canada and in some cases globally." The CSA, along with the Investment Industry Regulatory Organization of Canada (IIROC), released the consultation paper on Thursday (March 14). It said 2018 saw the theft of crypto assets totaling $1 billion from platforms across the globe.

"Global incidents point to crypto assets having heightened risks related to loss and theft as compared to other assets," the paper said.

Right now, there aren't any crypto trading platforms that are recognized as an exchange, marketplace or dealer in Canada.

The CSA also outlined a proposals for how regulatory framework should look. That included things like requiring insurance to protect holdings, making registration as an investment dealer necessary and not allowing dark trading or short selling, as examples.

Regulators also want to get input about global approaches to regulation, Chaukos said. The stakeholders who want to give the CSA feedback can do so until May 15.

Quadriga, which was once Canada's largest cryptocurrency exchange, was granted creditor protection last month.

2. 2019 FEDERAL BUDGET INCLUDES MEASURES TO IMPROVE THE CANADIAN PAYMENT SYSTEM

Source: Payments Canada (3/20)

Retail Payments Oversight Framework represents a step forward for payments industry. Canada's federal government yesterday announced Budget 2019, Investing in the Middle Class, which supports payments innovation and changes to safeguard the funds and payments data of Canadians. Most notable to the payments ecosystem is the government's proposed functional, risk-based approach to retail payments oversight. The framework will help level the playing field by bringing newer entrants under regulation and act as the foundation for broader, risk-based access to Canada's retail payments ecosystem, an objective of Canada's payments Modernization program.

"The proposed retail payments oversight framework acknowledges the shifting payments landscape and is an important step towards ensuring safety and soundness while facilitating innovation in the space," said Gerry Gaetz, President & CEO of Payments Canada. "The framework - and its oversight by the Bank of Canada - is a welcome addition to Canada's payments systems governance."

Payments Canada is currently leading efforts to modernize Canada's core payments infrastructure, including technologies, rules and standards. The retail payments oversight framework supports more open and risk-based access to the payment ecosystem, a key need identified in Canada's vision for modern payments by existing Payments Canada members, payment service providers and new entrants in the marketplace. The appropriate balance of openness and security will encourage new entrants, competition and, ultimately, innovative solutions to meet the growing consumer demand for speed and convenience in payments. Another important measure is an assessment by the government of the best path forward for Open Banking in Canada. Open Banking has the potential to offer Canadian consumers a secure way to consent to sharing their financial transaction data - allowing them to benefit from a broader range of financial products and services - as well as new opportunities for financial institutions and others.

Also of note was a commitment to make improvements to the Canadian Payments Act, which will help Payments Canada execute on its mandate.

Payments Canada is a Member of ACT Canada; please visit https://www.payments.ca/

3. INTRODUCING APPLE CARD, A NEW KIND OF CREDIT CARD CREATED BY APPLE

Source: Apple (3/25)

Built on Simplicity, Transparency and Privacy, and Designed to Help Customers Lead a Healthier Financial Life. Created by Apple and designed for iPhone, Apple Card brings together Apple's hardware, software and services to transform the entire credit card experience. Apple today announced Apple Card, an innovative, new kind of credit card created by Apple and designed to help customers lead a healthier financial life. Apple Card is built into the Apple Wallet app on iPhone, offering customers a familiar experience with Apple Pay and the ability to manage their card right on iPhone. Apple Card transforms the entire credit card experience by simplifying the application process, eliminating fees, encouraging customers to pay less interest and providing a new level of privacy and security. Available in the US this summer, Apple Card also offers a clearer and more compelling rewards program than other credit cards with Daily Cash, which gives back a percentage of every purchase as cash on customers' Apple Cash card each day.

"Apple Card builds on the tremendous success of Apple Pay and delivers new experiences only possible with the power of iPhone," said Jennifer Bailey, Apple's vice president of Apple Pay. "Apple Card is designed to help customers lead a healthier financial life, which starts with a better understanding of their spending so they can make smarter choices with their money, transparency to help them understand how much it will cost if they want to pay over time and ways to help them pay down their balance." Apple Card provides a new level of privacy and security, and features all the advanced security technologies of Apple Pay.

A Credit Card Designed for iPhone

Customers can sign up for Apple Card in the Wallet app on their iPhone in minutes and start using it with Apple Pay right away in stores, in apps or online worldwide. Apple Card gives customers easy-to-understand, real-time views of their latest transactions and balance right in Wallet, and Apple Card support is available 24/7 by simply sending a text from Messages. Apple Card is built into the Wallet app on iPhone, giving customers easy-to-understand, real-time views of transactions. Apple Card is built into the Wallet app on iPhone, giving customers easy-to-understand, real-time views of transactions. Apple Card is built into the Wallet app on iPhone, giving customers easy-to-understand, real-time views of transactions. Apple Card is built into the Wallet app on iPhone, giving customers easy-to-understand, real-time views of transactions.

Easy-to-Understand Spending

Apple Card uses machine learning and Apple Maps to clearly label transactions with merchant names and locations. Purchases are automatically totalled and organized by color-coded categories such as Food and Drinks, Shopping and

Entertainment. To help customers better understand their spending, Apple Card provides weekly and monthly spending summaries.
Apple Card is designed to help customers lead a healthier financial life, which starts with a better understanding of their spending.

Receive Daily Cash

Customers will receive a percentage of every Apple Card purchase amount back as Daily Cash. Unlike other cash back rewards, Daily Cash is added to customers' Apple Cash card each day and can be used right away for purchases using Apple Pay, to put toward their Apple Card balance or send to friends and family in Messages. Every time customers use Apple Card with Apple Pay, they will receive 2 percent Daily Cash. Customers will also get 3 percent Daily Cash on all purchases made directly with Apple, including at Apple Stores, on the App Store and for Apple services. Apple Card offers a more compelling rewards program than other credit cards with Daily Cash, which gives back a percentage of every purchase as cash on customers' Apple Cash card each day.

No Fees and Lower Interest

There are no fees associated with Apple Card: no annual, late, international or over-the-limit fees. Apple Card's goal is to provide interest rates that are among the lowest in the industry and if a customer misses a payment, they will not be charged a penalty rate. To help customers make informed choices, Apple Card shows a range of payment options and calculates the interest cost on different payment amounts in real time. As a way to pay less interest, Apple Card will also suggest paying a bit more every month and offers the flexibility to schedule more frequent payments. Apple Card is the first credit card to encourage customers to pay less interest and offers transparency to help them understand how much it will cost if they want to pay over time.

A New Level of Privacy and Security

A unique card number is created on iPhone for Apple Card and stored safely in the device's Secure Element, a special security chip used by Apple Pay. Every purchase is secure because it is authorized with Face ID or Touch ID and a one-time unique dynamic security code. The unique security and privacy architecture created for Apple Card means Apple doesn't know where a customer shopped, what they bought or how much they paid.

Goldman Sachs and MasterCard

Apple is partnering with Goldman Sachs and MasterCard to provide the support of an issuing bank and global payments network. As a newcomer to consumer financial services, Goldman Sachs is creating a different credit card experience centred around the customer, which includes never sharing or selling data to third parties for marketing and advertising. MasterCard will provide cardholders the ability to shop at merchants around the globe.

"Simplicity, transparency and privacy are at the core of our consumer product development philosophy," said David M. Solomon, chairman and CEO of Goldman Sachs. "We're thrilled to partner with Apple on Apple Card, which helps customers take control of their financial lives."
"We are excited to be the global payments network for Apple Card, providing customers with fast and secure transactions around the world," said Ajay Banga, president and CEO of MasterCard.

A Beautiful Titanium Card

Apple has also designed a titanium Apple Card for shopping at locations where Apple Pay is not accepted yet. With no card number, CVV security code, expiration date or signature on the card, Apple Card is more secure than any other physical credit card. All this information is easily accessible in Wallet to use in apps and on websites. For purchases made with the titanium Apple Card, customers will get 1 percent Daily Cash.

Availability

US customers can now sign up for the latest news about Apple Card. Apple Card will be available to qualified customers in the US this summer.

MasterCard is a Member of ACT Canada; please visit https://www.mastercard.ca/en-ca.html

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4. CANADIAN SMBS IMPROVE AR MANAGEMENT THROUGH EINVOICING, AUTOMATION

Source: PYMNTS 3/20)

News came last week that the Canadian FinTech Central 1 had linked its credit union customers to a single digital platform that combines small business online invoicing solutions with its Request Money tool – a move that focuses on streamlining the accounts receivable process. In terms of mechanics, the platform integrates with the Interac e-Transfer Request Money solution, which the firm said in a press release last week will reduce the fees tied to traditional online payment solutions. By tying directly into SMB accounts, these smaller firms can avoid the cost of card acceptance. Synergy Credit Union was announced as the first to offer the combined service to its small business customers, said the FinTech.

The Larger Trends

In an interview with PYMNTS, Central 1 Senior Product Manager Randy Johal said the movement toward eInvoicing helps solve a pain point in getting SMBs paid. As he noted, as many as two thirds of smaller businesses are very small, and their primary means of collecting funds is through invoicing. The cost of acceptance through the aforementioned online payment methods, with fees attached, can eat into profits, he said, which can have a significant operating impact. Most of these firms are classified as independent workers or home-based businesses, with annual revenues less than $100,000 CAD.

"In our research, we noted that some businesses liked the speed of receiving payments electronically, but hated the amount of fees being taken. In some instances, it was as high as 3 percent of the value," he told PYMNTS. "As one business owner said to me, 'I issued an invoice through my POS provider for $10,000 and they took almost $300 off and gave me the funds in 48 hours. That was my entire profit margin on the job – wiped out.'" In the case of solutions that offer eInvoicing and request for payment, Johal said SMBs have a "way to receive funds leveraging a close to real-time payment solution."

Receiving payment directly into a small business account (which can take place over a matter of minutes), the executive continued, can help companies sidestep a practice wherein they have funded their aged receivables through the use of credit cards to bridge timing gaps between payables and receivables. Johal added that "in Canada, Interac e-transfers have been hugely popular with both retail and small businesses as a method to get paid and make payments. We wanted to piggyback off this popularity to reduce their outstanding receivables and leverage a payment solution every Canadian is familiar with." He said the traditional means of the accounts receivable cycle, rooted in email or paper invoices, can take as many as 10 steps and days or weeks to be completed, where the automated offering takes only three steps.

Johal told PYMNTS this particular rollout also illuminates the fact that credit unions are the financial institutions of choice for smaller firms. Studies from the Canadian Federation of Independent Business have shown across several years that credit unions are embraced by SMBs, he said, "due to the ability … for credit unions to make decisions at a local level for small businesses, without having to refer decisions back to Toronto for approval. But," he added, "the credit union member is aging faster than the general population as a whole, and we need breakout solutions to attract the next demographic."

Embracing AR automation also helps satisfy compliance and regulatory concerns, where companies have had to work with paper bank statements, reconcile invoices and payments, or worry about vulnerabilities of their computer systems (i.e., desktops and laptops can break).

"This is changing with the ability to hold data securely in the cloud," noted Johal.

Central 1 Credit Union is a Member of ACT Canada; please visit ***https://www.central1.com/***

5. UN REVEALS HOW NORTH KOREA USES BANKS FOR ILLEGAL DEALS

Source: PYMNTS (3/13)

A new report by the United Nations has revealed that global banks are being used to enable payments in illegal deals by North Korea.

“Global banks are involved in two main problems,” Hugh Griffiths, the head of the UN panel overseeing sanctions on North Korea, said in an interview Tuesday (March 12), according to Bloomberg. “They are facilitating the transfer of funds for prohibited ship-to-ship transfers of petroleum products. And they’re also facilitating illegal coal exports involving deals organized by North Korean diplomats.” One example used in the report showed how North Korean-directed payments totalling more than $500,000 were made through a JPMorgan Chase & Co. account in New York. The transactions were allegedly used for a coal shipment on board the vessel Wise Honest, with the coal then sold for almost $3 million.

After the country carried out numerous missile launches and nuclear weapons tests in 2017, the UN Security Council imposed sanctions on North Korea, including bans on exports of iron, coal, lead, seafood and textiles, as well as certain oil-import restrictions. Since then, North Korea has been using vessel identity fraud to deliver coal to Chinese ports as well “as numerous, large-scale transfers of coal in international waters to small, unidentified vessels,” according to the report. In the meantime, the country’s nuclear and ballistic missile programs are ongoing.

This isn’t the only way North Korea is trying to get around the sanctions. Last year it was reported that the country might turn to bitcoin to bypass them, accumulating the digital asset in its usual way — by hacking South Korean exchanges through spear-phishing attacks or email files laced with malware. It was also revealed that North Korean hackers were responsible for multiple attacks on crypto exchanges that stole $6.99 million worth of tokens in 2017. In addition, the U.S. government publicly acknowledged that North Korea was behind the WannaCry computer virus, which affected more than 230,000 computers in over 150 countries.

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6. CANADIAN CREDIT UNIONS NOW OFFER INTERAC® DEBIT ON SAMSUNG PAY

Source: Canadian Credit Union Association (3/13)

The Canadian Credit Union Association (CCUA) announced today that Steinbach Credit Union (Manitoba) is the first credit union in Canada to launch Interac Debit on Samsung Pay. Steinbach Credit Union members can now make purchases directly from their chequing or savings accounts at retailers displaying the Interac Flash logo using eligible Samsung devices.

“Samsung Pay offers Canadian credit union members yet another digital payment option that is simple, secure and convenient,” said Martha Durdin, President &

CEO, CCUA. "The Canadian credit union sector strives to provide the latest mobile payment options to meet the evolving needs of our members."

Samsung Pay is a collaborative development involving some of Canada's largest credit unions. CCUA partnered with Interac Corp. and Everlink Payment Services to deliver Interac Debit on Samsung Pay. It provides consumers with a seamless mobile payment solution that is designed for:

- Simplicity: To make a payment on Samsung Pay, users can simply swipe up, scan their fingerprint, iris or input their four-digit PIN, or tap
- Security: Samsung Pay uses three different levels of security to enable secure payments - Fingerprint Authentication, tokenization and Samsung KNOX, Samsung's defense-grade mobile security platform
- Convenience: Users can pay at retailers displaying the Interac Flash logo.

Other Canadian credit unions involved in the development of Samsung Pay for credit unions include:

- Affinity Credit Union;
- Assiniboine Credit Union;
- Cambrian Credit Union;
- Conexus Credit Union;
- Connect First Credit Union;
- First West Credit Union;
- Libro Credit Union;
- Prospera Credit Union;
- Servus Credit Union.

CCUA and Interac Corp are Members of ACT Canada; please visit https://ccua.com/ and https://www.interac.ca/

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7. CHINA SNEAKS UP ON US IN AI RESEARCH RACE

Source: PYMNTS (3/14)

A new report has revealed that China is gaining ground on the U.S. in artificial intelligence (AI) research. Seattle-based Allen Institute for Artificial Intelligence found that China has seen a rise in the number of its AI research papers that are among the top 10 percent most cited, which shows the highest-impact research. While around 47 percent of those papers came from the U.S. in 1982, only 29 percent originate from the states now. China's share, however, has risen to more than 26 percent.

And the Artificial Intelligence Index, which tracks AI data, reported last year that China was significantly ahead of the U.S. in the number of papers published each year.

"When you look at the cream of the crop, the top 10 percent and even the top 1 percent most-cited papers, I was surprised to see how close they are to us," said

Oren Etzioni, the head of the Allen Institute, according to The Wall Street Journal. “Just projecting the line, you see in 2020 they’ll surpass us in the top-10 percent papers and it looks like in 2022 or 2023 they’ll surpass us in the top 1 percent.” In fact, as China is funding more AI development, the U.S. government led by President Trump is pulling back. Beijing even unveiled plans in 2017 to lead the world in AI by 2030, with plans to use the technology to predict crimes, lend money, track people in the country, help with traffic snarls and censor the internet, among other things.

But Michael Kratsios, the deputy assistant to Trump for Technology Policy, vows that the country’s system is superior for driving new technologies like AI, and that the U.S. is prioritizing its research for the long-term. And Paul Dabbar, the Department of Energy’s undersecretary for science, pointed to America’s advantage in being the home of many scientific institutions, government programs and tech companies.

“With the combination of all that, clearly we’re in an excellent position,” he said.

8. MASTERCARD ACQUIRES ETHOCA TO REDUCE DIGITAL COMMERCE FRAUD

Source: MasterCard (3/12)

MasterCard today announced it has entered into an agreement to acquire Ethoca, a global provider of technology solutions that help merchants and card issuers collaborate in real-time to quickly identify and resolve fraud in digital commerce. The Ethoca suite of products adds to MasterCard's commitment to drive greater protection in the digital space, integrating with its robust suite of fraud management and security products.

Today, the Ethoca network brings together more than 5,000 merchants and 4,000 financial institutions around the world. When a fraudulent transaction is identified, near real-time information is sent to the merchant so they can confirm the transaction, stop delivery or reverse the transaction to avoid the chargeback process. As a result, both merchants and card issuers benefit from lower operational costs by reducing fraud at the source. MasterCard intends to further scale these capabilities and combine Ethoca with its current security activities, data insights and artificial intelligence solutions to help merchants and card issuers more easily identify and stop potentially fraudulent purchases and false declines.

“Advancements in technology are enabling us to transform the experience for our customers,” said Ajay Bhalla, president of cyber and intelligence solutions for MasterCard. “Ethoca is a strong addition to our multi-layered cyber strategy, helping customers take immediate action against fraud and eliminate chargebacks before they can occur. In turn, consumers are provided with a better checkout experience every time they shop at a participating site.”

According to Juniper Research, retailers are expected to lose $130 billion in online fraud over the next five years. In addition, research firm Aite Group estimates that false declines – when card issuers decline transactions from good customers due to a perceived fraud risk – cost the industry $331 billion in 2018 in the U.S. alone.

"MasterCard is a natural home for Ethoca," said Andre Edelbrock, CEO of Ethoca. "For more than a decade, we've connected e-commerce businesses with banks to make the payments system simpler and more secure. We are excited to have the opportunity to bring our services to more places and people, ultimately contributing to the best possible online payment experience."

Terms of the agreement were not disclosed and the transaction is anticipated to close in the second quarter of 2019.

Ethoca and MasterCard are Members of ACT Canada; please visit https://www.ethoca.com/ and https://www.mastercard.ca/en-ca.html

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9. HOW DIGITAL VERIFICATION CREATES SEAMLESS EXPERIENCES FOR SHOPPERS

Source: PYMNTS (3/18)

In the digital age of subscription boxes and rideshares, consumers expect seamless experiences, whether they are ordering clothes for their wardrobes or hailing rides to their destinations. And the onboarding process can be a key factor for merchants: If those steps are too time-consuming, consumers may give up and choose to purchase from another service instead.

However, there isn't one set solution to meet all customer expectations, according to the Digital Customer Onboarding Tracker. While some customers may prefer to complete a registration or application completely online, others might want to use on-premise devices or self-service kiosks instead. With these various preferences in mind, merchants must ensure their onboarding experiences are as quick and painless as possible, regardless of the channel. These are just some of the ways merchants – as well as technology providers – are using biometrics or other digital innovations to onboard customers or help them make purchases:

Almost three quarters – or 74 percent – of customers consider security the most important element of their online experience. The 2018 Singles' Day, for instance, shone a light on the preference of consumers in China to use biometrics to pay for items. According to a report, 60.3 percent of customers paid by fingerprint or by taking a selfie during the event. And China's Payment and Clearing Association also found in a 2016 survey that 95 percent of people were aware of fingerprint recognition to make payments. In the same year, slightly more than 70 percent of users were okay with paying with biometrics, but that figure increased to 85 percent in 2017.

And 72 percent of consumers want all-digital onboarding systems. Once travelers find the listings they want to book at outdoor RV and camper van rental marketplace Outdoorsy, they are presented with pages that request information such as their drivers' licenses and dates of birth. The company then pulls a report and uses machine learning to evaluate the potential renter's record. Approximately 33 percent of the company's inventory can be booked instantly, but some owners require travelers to message them instead. Overall, the platform's booking experience is similar to the home sharing platform Airbnb, as users can enter their location and select their reservation dates to find vehicles.

Just under seven in 10 – or 69 percent – of all online shopping carts are abandoned before checkout. However, retailers are looking to combat the problem. Walmart recently tested a new payments approach to boost online conversions. The company's Walmart Labs technology arm found that most declined purchases were soft declines, which are due to issues such as an unavailable issuer or a server timeout. Walmart's Product Analytics Manager of Payments Ling Jing said in a blog post, "To save the orders dropped off from soft declines, we implemented a feature that automatically resends the same card/name/address information the customer had previously entered after the payment receives a soft decline."

More than half – or 59 percent – of flyers think biometrics at TSA checkpoints would make travel safer. CLEAR's enrolled customers can use their biometric identity anywhere the firm operates, which was in about 25 major airports throughout the U.S. as of last August. In many ways, as Clear President and Co-founder Ken Cornick noted in a previous PYMNTS interview, the airport is in many ways the ideal starting place for this kind of technology. "First of all, if it's strong enough to get on an airplane with, you can use it anywhere," he said at the time. With CLEAR, enrolled customers can walk up, scan their fingerprint and move directly to the TSA full screening instead of spending time in the pre-screening line.

The projected value of the global automated fingerprint identification system by 2026 is $26.55 billion. And technology providers are taking note of fingerprint identification: In January, for instance, WhatsApp was gearing up to add fingerprint scanning for Android devices. The new feature, which could boost privacy for users, will enable users to authenticate their identities to unlock their devices. According to a report, the feature was spotted in the beta version for Android 2.19.3 update. The fingerprint security feature, however, is said to only be for unlocking WhatsApp – and not anything inside the messaging platform. From CLEAR to Outdoorsy, merchants and technology platforms are tapping into biometrics as well as other technologies to smooth the verification and onboarding processes. In the future of commerce, authentication could move beyond biometrics and other kinds of verification technology with blockchain and smart contracts as consumers look for more seamless experiences for onboarding and shopping.

Walmart is a Member of ACT Canada; please visit https://www.walmart.ca/en

10. BARCLAYCARD UK MERCHANTS TO ACCEPT CARDS THAT RUN ON THE DISCOVER GLOBAL NETWORK

Source: Discover (3/1)

Barclaycard merchants to accept Discover, Diners Club International and affiliate network cards. As spending by tourists and business visitors to the UK grows, merchants will benefit by offering these additional payment methods. Shoppers will be able to pay in-store and online with these cards at Barclaycard merchants.

Barclaycard, which processes nearly half of the UK's credit and debit card transactions, today announces that it will start accepting cards that run on the Discover Global Network across its UK merchant network. Barclaycard and Discover Global Network have reached an agreement whereby Barclaycard's merchants are now able to accept Discover, Diners Club International and affiliate network cards both in-store and online.

Accepting these payment methods allows Barclaycard's merchants to process transactions from the customers of Discover Global Network's more than 10 network alliance partners and 55 countries where Diners Club cards are issued. Cardholders are now able to pay at over 110,000 of Barclaycard's UK merchants both in-store and online, with thousands more merchants set to start accepting Discover Global Network cards over the course of the year.

With growing numbers of overseas tourists and business travellers coming to the UK, Barclaycard's extensive business customer base – which covers hotels, restaurants, travel providers, retail outlets and many other sectors – stand to benefit by offering these additional payment methods. Overseas visitors and international shoppers are an ever-increasing customer segment for merchants. In 2017, the 39.2 million overseas visitors to UK spent a record of £24.5 billion, which marked a nine percent increase in value compared with the previous year*.

“This partnership marks an important milestone for our business,” said Rob Cameron, CEO of payment acceptance at Barclaycard. “Following the significant investment we have made in our platform, UK merchants are now able to seamlessly accept new payment methods.

“For the first time, Discover Global Network's extensive cardholder base will be able to purchase from our UK merchants whether they're in-store visiting the UK or shopping online from abroad. It also benefits our business customers as they can serve a wider audience, which ultimately could boost sales.”

“The UK continues to be a top destination for our cardholders who travel from around the world,” said Amy Parsons, senior vice president of global acceptance at Discover. “Partnering with Barclaycard will provide merchant acceptance at the places where they are most likely to shop and create a more positive experience.”

Discover Global Network has more than 44 million merchant acceptance locations and two million ATM cash access locations across 190 countries and territories. Discover has established network to network alliances across the globe, including relationships in China, Japan, Korea, India, Brazil, Turkey, Nigeria and throughout Europe.

Discover is a Member of ACT Canada; please visit https://www.discover.com/

11. MAKING P2P PAYMENTS FRAUD-FREE

Source: PYMNTS (3/15)

In today's digital payments ecosystem, businesses, banks and consumers alike want access to their money as fast as possible. While person-to-person (P2P) payment solutions and real-time payment platforms are making the quick exchange of funds possible, fraudsters also see an opening to exploit these systems' vulnerabilities.

While the faster speed of payments is clearly appealing for users, there is now less time available to catch fraudsters as they attempt to steal funds. The new Digital Fraud Tracker™ highlights the latest developments in payments fraud, and how different companies are working to keep funds safe from bad actors as payment solutions grow increasingly faster.

Around the World of Digital Fraud

In India, a new real-time payment service was recently introduced by eCommerce giant Amazon. Amazon Pay UPI, developed in collaboration with Axis Bank, was released to Android users in that country. The service aims to allow users to securely transfer money between bank accounts using India's UPI system. To keep transfers secure, the service requires customers to provide their Axis Bank-assigned UPI IDs and PIN codes, and uses Amazon KYC processes to ensure the authenticity of transactions.

Meanwhile, in Australia, acts of card-not-present (CNP) fraud are rising in the nation's rural areas. The Australian Payments Network noted that CNP fraud incidents rose by 76 percent last year. Rural areas, where residents are more likely to shop online, appear to be targeted for online data theft. These thefts cost Australian residents roughly $249 million AUD ($176.3 million USD).

Australia's CNP fraud problems seem to be part of a broader pattern. A recent report from Experian found that eCommerce chargeback fraud is growing at twice the rate of eCommerce sales. This type of fraud is particularly difficult for online merchants, which must absorb the financial costs of disputed credit card transactions. The report urges online merchants to tighten their security protocols, including CVV validations and address confirmations.

Deep Dive: Payments Speed Up, So Do Fraudsters

The rise of real-time payment systems, including P2P platforms, has made certain types of fraud more appealing to cybercriminals. This includes account takeovers, which allow cybercriminals to take control over legitimate accounts. Another type of fraud tricks legitimate workers into acting as "money mules" to unknowingly finance illegal activities.

This month's Tracker includes a Deep Dive on the security challenges that real-time payment systems can present, and the tools being used to keep customers safe.

Protecting Credit Union Members from P2P Fraud

Not even P2P services like Zelle are immune to fraud. Fraudsters have managed to trick Zelle users into approving transfers under false pretenses, leaving the account owners liable for the losses.

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12. PAYPAL POWERS INSTAGRAM CHECKOUT

Source: PYMNTS (3/19)

Instagram has launched a checkout feature designed to help the social media platform become a more attractive place for consumers to buy retail products, and to capture more sales via what is coming to be known as contextual commerce. The launch of Checkout by Instagram includes participation by PayPal and its retail partnership program, signalling its further expansion into eCommerce payments. According to Instagram, its new checkout feature will enable consumers to purchase desired items while looking at "beauty tutorials," images of shoes and fashion or other interest areas, with less hassle than would have been the case prior to the launch of the eCommerce tool.

"Instagram is a place for people to treat themselves with inspiration, not a place to tax themselves with errands. It's a place to experience the pleasure of shopping versus the chore of buying," the company said. PayPal said its full-stack processing platform, called PayPal for Partners, "allows Instagram to manage the end-to-end commerce experience for buyers and sellers," according to a blog post from PayPal EVP and COO Bill Ready.

"Checkout on Instagram, which will be available within posts and stories with shopping stickers and tags, enables Instagram users in the U.S. to buy, track and manage their purchases directly within Instagram, and allows businesses to sell directly on Instagram without the buyer having to change contexts," he said. "After discovering a checkout-enabled product, shoppers will see the option to 'Checkout on Instagram' when they tap to view additional details."

For Instagram, this launch represents its latest move to become more of a player in eCommerce. Earlier in March, the photo and video sharing social media platform rolled out a trial of a new shopping program in which users can shop and check out within the app. The company is testing the program with more than 20 beauty and fashion brands, including direct-to-consumer retailers along with well-known companies. As it stands, users can swipe a product on Instagram to visit the vendor's website to place an order.

Contextual Commerce Push

The focus on discovery and context will likely not come as a major surprise to many PYMNTS readers. According to PYMNTS research – including the new Digital Consumer Report – nearly six out of 10 consumers today shop in the moment, or contextually. Understanding what that's all about means, in large part, understanding that shopping is a social experience in more ways than one.

Busy consumers attached to their smartphones are used to scrolling past thousands of product images per day. Those shoppers are using social apps like Instagram to make purchases right from their feed instead of heading to a merchant's site. And while social media such as Instagram plays a major role in contextual commerce, consumers are also turning to voice-activated speakers to order groceries and handle day-to-day chores. In other words, consumers are shopping contextually.

Social Media Purchases

Additional PYMNTS research, shown in the Contextual Commerce Report, found more reason for optimism when it comes to offering relatively seamless payments and checkout on social media, making it easier for consumers to buy in the moment. The report found 81 percent of consumers who have engaged in contextual commerce make at least some purchases via social media. And speed counts: 59 percent of consumers who have engaged in contextual commerce did so because it offered a "much faster buying experience."

As well, if those faster checkout experiences please loyal and retail-minded users, that can lead to significantly more spending. According to the PYMNTS report, the consumers spending the most are the happiest: 82 percent of shoppers who spend more than $50 per purchase reported having a positive experience, compared to 24 percent of those who spent less than $25. Contextual commerce is on the rise, and as Instagram – with the backing of PayPal – moves further into enabling easy eCommerce and payments, more details will soon emerge about how those contextual and social media shoppers like to browse and buy.

13. BEC FRAUD INCREASINGLY GOES MOBILE

Source: PYMNTS (3/21)

The wiles and ways of scammers to part businesses from their money continue to proliferate, and continue to use technology as a springboard to trick executives. As researchers at Agari reported, business email compromise (BEC) attacks have been going mobile. As reported in Credit Union Times, the attacks are still done through email, but also look for mobile number details to “better coerce” intended victims to funnel funds to bad actors’ accounts. As noted in a blog by Agari’s James Linton: “This foundational conduit between attacker and victim has also now become the focus of evolution, with actors increasingly looking to transfer potential victims from email over to SMS.”

Transferring the communication to mobile devices creates more means for bad guys to get the money, such as instant messaging, text and cameras. The victim, or would-be victim, is put on the spot, so to speak, and must figure out whether he or she trusts the communication and requests for funds. As noted in other BEC scams, often the criminal impersonates an executive with the company.

As Linton wrote of the shift to mobile, “whether this approach is more realistic than a purely email-based exchange is, to a large extent, dependent on whether a mobile device is used in everyday communication within a targeted organization and would be quickly demonstrated by how the victim reacts to the initial request,” and the move to cell-based communication minimizes the risk of detection. It also opens the door to more cross-border scams, as it only costs a little bit of money to set up a temporary U.S. phone number. The Agari research found that the BEC scams play out similarly to gift card scams. Separately, in reference to general fraud trends, Trend Micro reported that Singapore was the most “vulnerable” country in Southeast Asia last year, where there were more than three million malicious URLs affecting 15 million victims.

“Attacks that capitalize on the human desire to respond to urgent requests from authority are on the rise,” reported Security Asia. The number of BEC attacks, said Trend Micro, was up by 28 percent globally. The research showed that each BEC scam yields, on average, $177,000 in Singapore dollars. Singapore is the nation most beset by BEC attacks at more than 27 percent, followed by Malaysia at 26 percent.

In a statement, Trend Micro’s Nilesh Jain, vice president for Southeast Asia and India, said, “Changes across the threat landscape in 2018 reflect a change in the mindset of cybercriminals. Previously, attackers relied on ‘spray and pray’ style attacks. Today, they can be more effective with targeted phishing emails to infect victims who click the links or open the attachments. Enterprises need to strengthen their cyber defenses at every touchpoint, namely, on the endpoint, in the cloud and at the network layer.” In terms of individual instances of fraud, The Guardian reported this past week that “the black hole” in the accounts of Patisserie Valerie have roughly doubled, as noted by forensic accountants. Reports came Friday (March 15) that the company's cash accounts had been overstated by about 94 million pounds, according to KPMG's findings, while debts had been understated by 17 million pounds. The company was placed into receivership earlier this year amid findings of "potentially fraudulent" accounting irregularities (a criminal investigation has been opened). As The Guardian reported, it is unknown how much creditors may recoup from the dismantling of the several companies owned by the parent entity.

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14. HOW WELLS FARGO USES AI, BIOMETRICS TO FIGHT MONEY LAUNDERING

Source: PYMNTS (3/12)

Digital banking customers of today aren't looking for the bank with the newest features — they're looking for the bank that can keep their data safe. Any security mishap can send customers to one of the other digital banking apps that are ready and waiting for them. In the new Digital Banking Tracker™, PYMNTS examines the ways digital banking is changing as security measures grow more stringent, and challenger banks look to amass more customers.

Around the Digital Banking World

One such brand looking to expand within the next year is German challenger bank N26, which is seeking to branch out of its native Europe and into the United States. Following a funding round of approximately $300 million, the fully digital bank is aiming to compete with both U.S. incumbents and challengers by the end of 2019. The challenger's expansion comes as banks around the world are launching platforms of their own, including financial institutions (FIs) in Thailand and the Philippines.

Thailand's United Overseas Bank, for one, is opening a fully digital brand this year called TMRW. The digital bank is designed to target millennial consumers who are more comfortable using digital services, and comes equipped with live chat features to support digitally native conversations. Meanwhile, several global scandals have brought the importance of anti-money laundering (AML) protections to the forefront. The more than $220 billion money laundering scandal involving Estonia-based Danske Bank continues to affect the global banking world. Several banks, including Germany's Deutsche Bank, are caught in the crossfire, with their own AML protections coming under scrutiny from German regulators.

Tapping into Emerging Tech: How Wells Fargo is Fighting Fraud

To protect against the rise of money laundering and digital fraud hammering banks, many are turning to new technologies to stem the tide. Wells Fargo, for one, is using artificial intelligence (AI) and biometric authentication tools in combination to track patterns that human analysts overlook, according to Chuck Monroe, head of AI enterprise solutions for Wells Fargo.

"We're using AI to go through and look across the internet, including the deep dark web, [for] signals that would apply to a particular AML situation," Monroe said in a recent interview with PYMNTS. "There are lots of opportunities in the AML space to leverage AI to look much [deeper], because no human could do that level of investigation." To learn more about how Wells Fargo is using AI and biometrics for AML, take a look at the Tracker's feature story.

Deep Dive: Digital Banking and Anti-Money Laundering

As the banking world gets more digital and interconnected, many banks are starting to worry about money laundering. Take the banks that were engaging in routine business with Danske Bank, for example. Several of those banks are now being examined by regulators to ensure that they're staying compliant with AML rules to keep launderers out. That said, the digital banking world is expanding quickly, which means that banks across the globe need to keep a careful eye on the methods they're using for AML and other fraud protections. To find out how banks are upgrading their security, take a look at the Tracker's Deep Dive.

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15. ONTARIO'S ECONOMY TO SLOW FOR THE NEXT THREE YEARS, ACCORDING TO ECONOMIC OUTLOOK 2019 TO 2021

Source: Central 1 (3/21)

Ontario's economy to slow for the next three years, according to Economic Outlook 2019 to 2021. The report provides a deep dive into current economic trends; predicts economic slowdown largely attributed to external factors.

Central 1 Ontario Regional Economist, Edgard Navarrete, attributes the economic growth slowdown to stalls in investment spending, a decline in residential spending, a rise in the unemployment rate and a slowdown in the U.S. economy. Real GDP (Gross Domestic Product) growth is expected to be below two per cent annually, compared to above two per cent in the prior three years. Nominal GDP growth is forecast at less than four per cent annually, compared to more than four per cent over the same period.

"Slowing domestic activity will contribute to the province's sluggish economic performance, as well as the slowing U.S. economy," said Navarrete.

"Exports and business investment will be lower than what we have been accustomed to in previous years, as will residential spending—an outcome of the imposed B-20 mortgage stress tests at the beginning of 2018." One aspect of residential investment flourishing during this period of otherwise muted activity will be renovation spending.

"Homeowners will prefer to remain in their current homes and make renovations, rather than face a mortgage stress test in order to move," said Navarrete. Ontario's population increased at a robust pace in 2018, thanks to increased international and interprovincial migration and is expected to remain strong throughout 2019 at 1.8 per cent. Services industries will outperform goods industries, remaining the primary growth driver in Ontario's economy throughout the forecast period. Accommodation and food services are forecast to grow the fastest, with a 2.2 per cent average yearly pace over the next three years. Services industry GDP growth is seen averaging 1.7 per cent annually through 2021, compared to 1.0 per cent in goods industries.

Highlights from the report:

- GDP growth will slow across most industries, with goods-producing industries – notably motor vehicle assembly parts and construction – undergoing greater slowdown than services-producing industries
- While the federal government's proposed accelerated capital cost allowance incentive increases investment spending over pre-policy levels, market realities hinder more robust spending
- Job growth is predicted to slow to 1.4 per cent and the unemployment rate is expected to edge higher to an average of 5.7 per cent
- Residential investment spending and sales continue to cool, an outcome of tightened mortgage regulations and reduced credit availability
- Read the full Ontario Economic Outlook 2019 – 2021 report that provides a deep dive into current economic trends, the macro economic environment, population growth and employment.

Central 1 is a Member of ACT Canada; please visit https://www.central1.com/

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16. SEPHORA LAUNCHES ITS FIRST CREDIT CARD

Source: PYMNTS (3/14)

Sephora, the beauty retailer, announced on Thursday (March 14) the launch of a new credit card program. The company said in a press release that starting in the spring, it will offer the Sephora credit card, Sephora Visa® credit card and Sephora Visa Signature® credit card to its retail customers. The credit cards will provide customers with more ways to earn rewards for their purchases, the retailer said in the release.

"The launch of the Sephora credit card exemplifies Sephora's loyalty philosophy in every sense; it considers all the most-loved aspects of Sephora – the amazing product, services, experiences and personalization – taking our client experience to the next level through special access, rewards and perks," said Andrea Zaretsky, Sephora's senior vice president of CRM and loyalty. "The Sephora credit card was the natural next step in our loyalty journey, truly adding even more value that our clients can use not only within our stores, but also in their day-to-day lives."

Sephora said it will initially roll out the credit cards in select markets, and that they will be available in all U.S. standalone stores and at Sephora.com in the coming months. Cardholders can earn credit card rewards in addition to rewards from its Beauty Insider program. Sephora Visa Signature cardholders will also have access to further benefits. Customers who apply for the credit card and are not existing Beauty Insider members will be enrolled in that program, noted the company. Sephora partnered with Alliance Data to bring the retailer's first-ever credit cards to market. Sephora's move to launch the credit cards and rewards program is aimed at capitalizing on the Omni features that beauty consumers demand. In 2016, CVS found 28 percent of consumers valued coupons the most when purchasing from health and beauty retailers with 16 percent valuing rewards when shopping at a beauty retailer.

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17. COMPUTERS DIE, DATABASES CAN'T — SO BANKS, WHAT'S THE PLAN?

Source: PYMNTS (3/19)

One cannot run a mainframe in the cloud. No one will ever beat the speed of light. Oh, yeah — and no one wants to lose their data to sloppiness, inefficiency and/or theft. Welcome to three of the most ingrained challenges — "challenges" in a way that mountain ranges can pose problems for pedestrians — of the digital payments and commerce world in 2019. Banks, eCommerce operators and other businesses run dozens or hundreds of databases, which are often maddeningly discrete creatures tied to software, and even hardware, that, in some cases, belong in a museum.

However, the price of cloud computing continues to drop as data analysis technology moves into the realm of machine learning and artificial intelligence — making it ever-more appealing and important to ensure that databases are running at the highest levels possible, and with the best security. With good databases, a company is at risk of running behind competitors when it comes to new products, customer satisfaction and other areas that tend to have major impacts on profit. Sounds daunting, right? It should.

In a new PYMNTS interview, Karen Webster and Fauna CEO Evan Weaver, along with CMO Dhruv Gupta, dug deep into the challenges and demands associated with better database management, and offered ideas on how to navigate a successful and lucrative path to improvement.

<u>Twitter Inspiration</u>

Weaver's mission at Fauna is informed by his work at Twitter, where he was the 15th employee, he told Webster, and where he worked as the social media platform's lead architect, a job that made him responsible for scaling its infrastructure to support the millions of transactions it handles today. Twitter started with a global focus (unlike most banks), but “our biggest problem,” he said, was finding an overall system that would “give us real-time [capabilities] and scale, and flexibility and resilience on the product side.” The company’s work with banks, he said, has a certain reversed-reflection feel to it.

“As far as payment and financial services providers are concerned, they are experiencing the same problems from the other angle,” he said. “They started with single-system, relational databases that were pretty flexible at the time.” Now, though, the problem for those companies comes down to figuring out how to best scale those databases, while not compromising security or efficiency.

Integration Challenges

Among the biggest problems in the world of payments and financial services providers are how to process different payment types and integrate databases that run on different legacy systems, some of which are living relics of other businesses that have been bought. Those companies must conform to strict regulations that apply to their database operations — among other challenges that make it a daunting project to integrate from legacy systems to cloud-based database operations.

“It does create complexity,” Weaver said, adding that compliance and regulatory issues would serve to prevent many organizations from moving all their database operations to the cloud, even if they wanted to do so. “They are basically stuck,” he explained, indicating those financial and payment services providers. “They are saying that the cloud is super cool, but they still don’t have a system that will let us migrate that core data — the most important products — into the cloud.”

However, even if the idea of a full, relatively clean database integration to the cloud is impossible to achieve for many financial-centric businesses, the importance of finding solid ways to improve database operations can hardly be understated, at least in the view of Weaver. Databases that are not up to the job — tied so closely to legacy systems that are losing steam, and have no more room to grow — can cause system-wide crashes, even if an FI or other business is compliant with regulations about data backup. “If you lose more than one system at a time, there is a knock-off effect,” he said.

Toward Better Databases

So, what’s a forward-minded financial or payment services provider — or eCommerce firm — to do? Well, it seems obvious, but it’s still important: build a database with the cloud in mind. That means giving up any hope of some massive, on-off database transfer operation. Sure, one will need to move core banking operations to the cloud, but likely in a piecemeal fashion because of the complexities involved. More specifically, the proper mindset to have about improving database operations and moving them into the cloud — well, at least one part of the pitch that Fauna uses with potential clients — is, in the words of Gupta, to craft a "new system with the same guarantees as the old system. The new system has to offer those guarantees in a way that is operationally similar to the old one. And it must be easy to deploy, easy to scale."

For Fauna, that means moving businesses to what Weaver calls an "cloud-first operational database," a purpose-built platform not tied to legacy systems, but is geographically distributed across multiple data centers — which can reduce data latency, a factor that can slow down apps and retail sites, and can keep operating when other parts of the system fail. It means working with distributed ledger technology (DLT), but not blockchain — a middle-ground concept that, according to Weaver, is probably better understood by corporate CIOs than CEOs. There's no way around it: Moving databases to the cloud is hard. Eventually, though, there will be little or no choice about doing so. Not only are the mainframe experts getting old, but those machines — no matter how well-maintained and configured — can only do so much.

"You get to the point where the systems … are just fundamentally unsafe to modify, and then your product velocity starts grinding to a halt," Weaver said. At a certain point, he warned, "you cannot do anything about it. It will be running at its limit, creating a risk that cannot be hedged from the data side." Machines die, and so do their caretakers. Yet, every organization must find a way to make sure their databases survive and thrive.

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18. HOW CONNECTED CONSUMERS ORDER AHEAD DURING THEIR COMMUTES

Source: PYMNTS (3/20)

In the age of smartphones, tablets and voice assistants, the morning or evening commute provides a myriad of opportunities for consumers to interact with the world. Those possibilities also extend to commerce, with connected devices paving the way for new shopping opportunities while consumers are on the road. According to the PYMNTS Digital Drive Report, 73 percent of today's connected commuters use a host of devices during their drives to facilitate purchasing activities. And that figure marks an increase from the almost two-thirds – or 66.4 percent – of commuters – who did the same in 2017. Currently, 58.7 percent of those commuters connect to the internet through their smartphones.

From SPOT to Starbucks, online platforms and retailers are providing consumers with new ways to place orders or make purchases from the car. These are some of the ways consumers are using their devices to make purchases during their commutes – and how digital innovations could help their shopping experiences: Commuters find available parking spots 64.9 times a year. Services such as SPOT allow users to find a place to park, as the legal owner of an unoccupied parking spot makes it available for the app's users. SPOT serves cities including Los Angeles, Miami and Philadelphia, per a report last year. While the platform enables users to rent spaces for as long as a month, the vast majority of the firm's business is designed around hourly uses. SPOT Founder and CEO Braden Golub told PYMNTS.com in an interview last March, "On the platform, about 92 percent of our transactions are hourly. We have actually worked very hard pushing that from early on."

Commuters order coffee and pick it up in a restaurant 55.3 times a year. And consumers are turning to mobile apps to order coffee. In July, it was reported that Starbucks' mobile order tool comprised 13 percent of U.S. company-operated transactions. By comparison, mobile ordering and payment accounted for 9 percent of those transactions in the fiscal third quarter of 2017. More recently, news came this week that Starbucks is updating its rewards program and rolling out new redemption options beginning in mid-April. Customers who link their loyalty membership to a prepaid card or Starbucks Rewards Visa credit card will not have to worry about expiring points. Commuters order food and pick it up in a restaurant 42.8 times a year. Digital innovations are helping consumers pick up their orders. Minnow, for instance, provides pickup pods that allow diners to ditch the line at the counter. Customers first place their orders through a restaurant's website or app, then receive a notification when the order is ready. They can then use an app to open the locker-like device. "It's all done through a wireless locking mechanism that is controlled by a smartphone app," Minnow co-founder and CEO Steven Sperry told PYMNTS.com in a November interview.

Commuters order an item to pick up at a store 42.8 times a year. Retailers are tapping into buy-online-pickup-in-store (BOPIS) offerings for consumers. Fast fashion apparel retailer rue21 recently announced it plans to bring the option to more than 700 locations. Shoppers can see that a given item is available at the store closest to them, make a purchase online and pick up the product while avoiding shipping fees. The company noted its BOPIS feature "allows for enhanced online shopping, as well as the optimized in-store experience with personalized attention and real-time customer service." Commuters order groceries to pick up 35.7 times a year. To serve these shoppers, technology platforms are rolling out pickup options. Online grocery firm Instacart, for instance, announced the national expansion of its grocery click-and-collect service, called Instacart Pickup. With expanded delivery and/or pickup options, shoppers can order via Instacart and pick up the groceries at retailers. Instacart Chief Business Officer Nilam Ganenthiran said in a press release at the time, "We want to make grocery shopping effortless by helping our customers get the groceries they need from the retailers they love. Our customers want choice, and we're excited to now offer the pickup option they've been asking for."

From Instacart to Starbucks, technology providers and retailers are enabling mobile shopping. And consumers are tapping into these offerings on their rides: 99 million connected commuters now drive billions of dollars into the commuting commerce ecosystem by buying groceries and coffee, amid a myriad of purchases.

19. CANADIAN WOMEN WILL CONTROL ALMOST $4 TRILLION BY 2028: CIBC

Source: CIBC (3/4)

$2.2 trillion of Canadian assets currently controlled directly by women. Women are controlling a rising amount of wealth giving them increasing influence and control over the Canadian economy finds a new report from CIBC Capital Markets noting that this trend is going to continue.

"More needs to be done in order to fully utilize women's economic might, but the direction is clear," says the report, The Changing Landscape of Women's Wealth, by CIBC Capital Markets economists Benjamin Tal and Katherine Judge. "Women will become an even larger and more influential force in the Canadian economy."

The report notes that since the 2008 recession, more women aged 25+ are working and actively participating in the economy. In fact, women in this demographic have accounted for 52 per cent of job growth in full-time positions since 2008 and have increasingly landed jobs in higher-paying fields, with almost one-third of women in those roles now. In addition, women over the age of 55 have seen labour market participation rates rise by almost twice the amount of men during this cycle. With more women working and earning higher incomes, the historical structure of women's wealth has fundamentally changed and will only continue to grow.

"In families in which there is an employed woman in the core-working age demographic, women's earnings now account for a record-high 47 per cent of family income, almost double the share seen in the 1970s," the report says. This growth in women's income is also giving women greater involvement and control over Canada's household wealth.

"Today 41 per cent of women (single, divorced, widows, and women responsible for investment decisions) control no less than $2.2 trillion of financial assets," the report says. "That number is expected to rise quickly, as the cohort of women with stronger labour incomes and retirees grows. We estimate that by 2028, women will control just under $3.8 trillion or more than one-third of total financial assets and more than double that number if we include real estate assets."

The report identifies a number of factors that may explain why women are gaining more economic clout. Women still outlive men and also tend to get married earlier resulting in married women and widows eventually controlling a significant amount of wealth. In today's world, there are more single women than divorcees and women are increasing their involvement in the workforce which suggests that women are staying single longer and resetting historical priorities in terms of starting a family and a career.

CIBC is a Member of ACT Canada; please visit https://www.cibc.com/en/personal-banking.html

20. US MULLS BANNING VISA, MASTERCARD FROM PROCESSING IN VENEZUELA
Source: PYMNTS (3/15)

The U.S. might prohibit Visa, MasterCard and other financial institutions (FIs), such as SWIFT, from processing transactions in Venezuela.

Citing a senior Trump administration official, Reuters reported that if the move is finalized, it would target the elite and groups loyal to President Nicolás Maduro, including members of the military, armed gangs and Cubans operating in Venezuela. The sanctions would not have an impact on ordinary citizens, who would still be allowed to use the payment methods to buy food and medicine.

“The purpose of these sanctions is to continue to deprive the illegitimate Maduro regime of access to funds, and deny their ability to continue stealing from the Venezuelan people,” the official said. The U.S. has imposed numerous sanctions on Maduro’s government, his political allies and the country’s state-owned oil company, PDVSA, since recognizing opposition leader Juan Guaido as the interim president. More than 50 other countries have also recognized Guaido as Venezuela’s current leader.

The sanctions would broadly ban state-owned FIs’ access to the international financial system. Firms that are considered complicit in helping Maduro or the country’s financial sector could be hit with sanctions as well. In fact, earlier this week, the U.S. Department of the Treasury announced sanctions against a Moscow-based bank because it helped finance Venezuela’s petro cryptocurrency.

“The illegitimate Maduro regime has profited off of the suffering of the Venezuelan people,” said Treasury Secretary Steven T. Mnuchin in a press release. “This action demonstrates that the United States will take action against foreign financial institutions that sustain the illegitimate Maduro regime, and contribute to the economic collapse and humanitarian crisis plaguing the people of Venezuela.” As a result, the Treasury’s Office of Foreign Assets Control (OFAC) has added Evrofinance Mosnarbank — which is jointly owned by Russian and Venezuelan state-owned firms — to the Specially Designated Nationals List.

21. DEEP DIVE: AN AUTOMATED APPROACH TO THE $2T GLOBAL MONEY LAUNDERING PROBLEM
Source: PYMNTS (3/18)

The term “money laundering” is believed to have originated as a result of infamous Chicago gangster Al Capone’s habit of channelling criminally obtained funds through laundromats, as their cash-heavy nature made it more difficult for the right side of the law to detect such money mixed in among legitimate payments. Money laundering has evolved greatly since Capone’s activities in the early 1900s, though, and it is becoming harder to combat. As such, the regulators and FIs seeking to crack down on these activities have their work cut out for them.

Approximately 2 percent to 5 percent of the world's gross domestic product (GDP) – $800 billion to $2 trillion – is laundered each year, according to a report from the United Nations Office on Drugs and Crime (UNODC). Digitalization, fast-moving payments, international trade, global economic interconnections and a lack of standard regulations across markets all make money laundering and CTF immense challenges for FIs – something firms are working hard to address.

Rethinking Security Strategies

Money is the lifeblood that fuels any organization, and that includes terrorist and other criminal groups. FIs that fail to catch illicit activities miss opportunities to hamstring such operations and unwittingly help fund them. They can also find themselves facing significant fines if they fail to sufficiently adhere to rules designed to catch money laundering. Worldwide, banks paid out approximately $321 billion between 2009 and 2016, for example, because they failed to comply with money laundering, terrorist financing and other regulations.

Financial and Ethical Security Strategies

Faced with these dual motivations, banks around the world are investing in regulatory compliance, and were projected to spend more than $8 billion on AML compliance by 2017. They need to be certain their compliance dollars are making a tangible difference in their AML and CTF successes, however, and must keep up as regulations change and governments level economic sanctions against other countries. In addition, FIs must keep pace with fast-moving international money flows as they monitor transactions.

Many have already begun hiring more investigators and other relevant staff in response, with some major U.S. banks increasing their AML compliance staffing tenfold between 2012 and 2017, according to one report. This approach can be costly, however, and doesn't always have enough impact if new employees aren't simultaneously supported by efficient procedures and technology. In too many cases, FIs create separate compliance programs based on specific countries, products and customer bases, which can be inefficient and expensive, and FIs' efforts may suffer from manual, siloed and inconsistent processes.

Turning to Automation Tech

Against this backdrop, attention has turned to the support offered by automation tools like artificial intelligence (AI), which can free up staff to focus on higher-risk cases. These solutions are tapped to reduce human error, perform data analysis, identify connections, provide a more holistic view of potential money laundering and speed up decision-making processes. AI could be particularly meaningful in analyzing customer behavior for suspicious activities, accelerating customer validation, automating suspicious activity report filing and mapping interconnections between clients, among other areas.

Expectations have been high so far. One report estimates that AI applied to KYC and AML, authentication, compliance and data processing in the global banking industry could reduce costs by 47 percent. Other researchers claim that, in some cases, allowing machine learning algorithms to analyze transactions has led to a 20 percent to 30 percent reduction in false money laundering reports.

With money laundering being a global financial problem, FIs need to equip themselves with as many tools as they can. As they're facing hefty fines for insufficient adherence and wrestling challenges related to evolving financial and regulatory ecosystems, they need to be sure their AML and compliance budgets are invested where they'll have the greatest impact. Reports suggest automation and AI could become increasingly important for compliance-conscious FIs.

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22. CHINA'S $9.1T SHADOW LENDING SECTOR ON THE DECLINE

Source: PYMNTS (3/19)

China's $9.1 trillion shadow banking industry is on the decline, which has led to a rise in private corporate defaults. The country's regulators have gotten tough on the shadow banking market in recent years. As a result, outstanding loans in the sector fell to ¥61.3 trillion ($9.1 trillion USD) last year, down about 6.5 percent from the end of 2017 and hitting its lowest level since 2016. In fact, last year's fall was the first full-year drop in more than a decade. However, while regulators are happy to see shadow lending fade, the sector's main borrowers — private companies — are feeling the strain. Private firms rely on shadow lending, since state-owned banks favor lending to government-controlled companies.

In fact, since the crackdown on the shadow lending sector, Chinese firms have defaulted on almost ¥20 billion in onshore bonds — double the amount from the previous year. Of those defaults, private groups comprised more than ¥16 billion. Michael Taylor, Moody's chief credit officer for the Asia-Pacific region, expects those defaults to rise again in 2o19.

"There's a spillover effect from the new regulations, and now, private companies are feeling a cash crunch," said Taylor, according to Financial Times. The government is trying to help by instructing the nation's state-run banks to offer more loans to private firms. The central bank also announced last week that it was working with other regulators on a way to fix the high-risk premiums that private companies often pay for bank loans.

"Without access to shadow banking, the cost of borrowing should be much higher for private companies," said Alicia García Herrero, Natixis' chief economist for

Asia-Pacific. There might be some good news on the horizon: Moody's expects the shadow banking restrictions to cool off this year as lawmakers focus more on growth.

"However, a rapid rebound in shadow credit supply is also unlikely, as the authorities will retain focus on financial system risks," Moody's explained.

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23. PAYPAL LAUNCHES INSTANT TRANSFER TO BANK

Source: PYMNTS (3/12)

Money moves only as fast as payments infrastructure will allow.

To that end, there's a bottleneck. The gig economy is gaining steam, as roughly a third (more than 35 percent) of U.S. workers are participating in part-time or project-based employment, and increasingly they want to get paid when the work is done. Roughly 85 percent of the several thousand gig workers we surveyed said they would work more often if they could be paid faster.

And as we found in the Gig Economy Index, a joint effort between PYMNTS and Hyperwallet, PayPal remains the most popular payment method for gig workers. PayPal's use among gig workers has increased from 39.5 percent of gig economy workers surveyed last quarter (Q3 2018) to 41.9 percent this quarter at the end of 2018.

Instant Transfer to Bank

Amid its increasing penetration into the gig economy as a preferred method of payment, PayPal announced today (March 12) that it is offering Instant Transfer to bank for qualified individual and business customers in the United States, with an eye on international expansion "in the near future." COO Bill Ready said in a blog post that the Instant Transfer functionality comes on the heels of the company's expanded partnership with JPMorgan Chase. That partnership enables PayPal to access the real time payments network linked to The Clearing House, according to the Tuesday release.

In an interview with Karen Webster conducted in tandem with the launch, Ready explained that the Tuesday news comes after PayPal's success with its Instant Transfer to debit card, which debuted last year and where balances in PayPal accounts can be transferred to debit cards instantly. In addition, the company also heralded a 2018 launch of Funds Now, which helps qualified companies gain instant access to funds from their completed sales — and where uptake has spanned more than 3.5 million businesses across several countries, among them the U.S., the U.K., Australia, Italy and Spain.

As Ready said about these offerings and now the Instant to Bank news, "we are really putting a lot of focus on instant access to funds," he told Webster. With

Instant Transfer to Bank, said Ready, the appeal may be immediately apparent to consumers who want to, say cover bills or emergencies — but the new offering, he said, broadens the potential embrace of instant access to funds. He said that for small businesses and certainly for mid-sized businesses, “the person managing the payments is not the business owner and therefore doesn’t have access to the business debit card,” so being able to get paid instantly and being able to do that over bank account rails versus a debit card can be a game changer.

The Infrastructure Lags the Broader Trend

There’s a broader narrative afoot he said, namely that for smaller businesses, “the speed of access to cash really matters.” As he stated, and as borne out by the gig economy stats noted above, the workforce is changing. And per data he presented at Davos, an overwhelming 90 percent of net new job growth between 2005 and 2015 came through what he termed the alternative workforce. Think, gig economy, then — and as he noted, “they are not doing one or two things. They have multiple sources of income.” Existing payments infrastructure has not kept pace. Digitalization has brought about faster technology, but paradoxically, sometimes, slower access to funding. Think, for example, of ACH and batch payments — same day settlement is an option to be sure, but during normal business hours. Weekends and holidays can stretch out the period between when funds are deposited and when they are actually available to be used or withdrawn.

Now, Ready said, being a PayPal business customer in good standing (vetted of course by PayPal in real time, which addresses some security concerns as funds flow instantly), he said, means having access to the money instantly — and he contended this “should be the norm and not the exception.” The entrepreneur or individual who juggles those multiple streams of income now, through PayPal’s latest offering, has one place where they can reliably, and instantly, get access to funds. The fee structure, he said is one percent of funds transferred, up to a $10 cap.

“If you do not have a bank account and you need a debit card, we will give you that,” he said. “We are meeting the customers on their terms.”

The Mechanics of it All

Asked about the mechanics of the new offering, Ready said that JPMorgan had previously announced that it would be rolling out real-time payments and he said that PayPal “is the first major player at scale to leverage the capability,” which in turn will be available to consumers who bank at the banks that provide real time payments through The Clearing House. Those banks are many of the major banks in the U.S. including Bank of America, Citi, Wells Fargo and Chase.

“There’s ubiquity in the fact that we will get money to any bank account in the U.S.,” he told Webster, via one of PayPal’s Instant offerings, including now Instant

Transfer to Bank. Of the real time payments infrastructure via The Clearing House, Ready remarked that, “The infrastructure has been there for a little while,” he said, but there “has not been a major use case” until recently.

The SMB Benefit

For small businesses, especially, working capital can be deployed more efficiently; the Instant Transfer to Bank option releases working capital by eliminating the waiting periods for customers in good standing, Ready noted that as much as a week’s worth of working capital can be held back due to infrastructure concerns, which, freed up, can be invested in employees or inventory.

“Customers are clearly demanding this,” said Ready of the movement to be paid, instantly, to their bank accounts. “Given the customer demand we see with transfer to debit card, we think you’ll see great customer receptivity to this as well.”

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24. THE GREAT FACEBOOK FUMBLE – AND THE ECONOMIC DAMAGE DONE

Source: PYMNTS (3/16)

Every day, in nearly every corner of the world, 1.4 billion people log onto Facebook and 500 million people log onto Instagram. On Wednesday (March 13), that audience of almost two billion – roughly a quarter of the planet’s population – got something of a nasty shock. When they tried to log on, neither Facebook nor Instagram was available.

Or, at least, that is the impression one might have gotten had they only read the headlines on the subject. In truth, Facebook didn’t crash entirely; it was only a partial outage. But given the size and scope of Facebook and Instagram, even a partial outage was enough to cause total outrage. And this was a big one, reportedly the largest outage in Facebook’s history, and it went on for quite some time – it was a little over 22 hours before the services were fully functioning again (though most of the damage was cleaned up within 14 hours). Plus, to add insult to injury, because its social media channels were all on the fritz, Team Facebook spent much of the day on Twitter to keep its users posted. In fact, many people were on Twitter talking about the outage on Wednesday. Of course, on the downside, those people were less than wholly understanding of the situation.

And though reactions were dramatic at the time – the outage spawned a host of memes that went viral as soon as Facebook and Instagram were fully operational again – it seems that by and large, things have mostly gone back to normal. Facebook may have earned consumers’ ire, but given the turmoil the social media company has seen over the last 18 months, this latest tempest barely ranks at tea cup level. Consumers were miffed and Facebook lost some advertising revenue, but they’ve taken bigger hits over bigger issues recently. And consumers, though temporarily horrified at their lack of channels to post food pictures and half-baked political theories, seem to have recovered admirably from the strain and found a way to keep calm and carry on. But while for most people, Wednesday's event was just a bump in the road, for an entire economy of small businesses that leverage Facebook as a sales channel, the outage was a big deal – and meant a big loss of dollars. Jason Wong, CEO of Wonghaus Ventures, estimates he lost $10,000 as a result.

"Looking at our prior revenue for the past seven or eight days, and looking at what happened today, we can kind of estimate how much money we lost based on our past week's history," he told The Verge. Wong was far from the only small business owner telling a similar story. New Jersey real estate agent Maatie Alcindor told USA Today that she runs most of her business through Facebook and Instagram, and found herself scrambling through most of Wednesday trying to hammer out other ways to connect with clients. Laura Faint, head of performance marketing at product design studio AJ&Smart, told The Verge her firm saw a 4 to 6 percent decline in clicks and engagement during the outage, meaning less overall reach for her social media-reliant brand.

"Based on how our campaigns are set up, it's likely that during the weekend, we'll see the impact of this in our revenue," she said.

The stories are all over the web this week from small retailers and service providers who lost a day of sales, who had planned advertising campaigns launch with no audience, and whose monthly budget and performance goals were crushed by a single day's Facebook outage. And small firms weren't the only ones affected. Madeline Aaronson, thredUP's senior manager of organic growth, noted that since Instagram added shopping features a year ago, the social site has become an incredibly powerful sales channel for the brand.

"thredUp reaches millions of people organically on Instagram, beyond our current followers. Because of this, we think of Instagram as our second home page, where many shoppers stop to check out our brand," she told USA Today.

Having that second home page effectively down for the day was not good for the firm, though Aaronson declined to enumerate their specific losses. Influencers also likely had a rough day, noted Mae Karwowski, founder of the influencer marketing company Obviously – though not as rough as it was for business owners and brands. She added that these contracts often include a clause about a "force majeure," or an unforeseen circumstance, like Instagram going down, which allows brands and influencers to reschedule posts. Because of that, Karwowski said she's "pretty confident no influencers were harmed in the outage," directly.

However, Karwowski noted, if an influencer posted right before the outage and the post didn't perform well because of it, the underperforming post could damage the influencer's brand, as the success (or lack thereof) of every post counts. That could have consequences for the relationships the influencer could form down the line, and could cost them some money, she added – although it's hard to quantify exactly how much. But for all of those who have lost money, or who anticipate losing a bit more down the line as a consequence of Wednesday's outage, it is interesting to note that almost no one is talking about pulling up stakes from Facebook or Instagram and moving on. As Wong noted, while the outage certainly cost him money, it is not going to put him out of business. Removing his company from Facebook, on the other hand, would certainly put him out of business, and quickly.

"Facebook is huge for our business, and we've had fantastic success using it as an advertising channel, but I'm even more aware than ever of the need to make ourselves less vulnerable," he said, adding that Facebook could probably have made the situation less scary for merchants by being more clear about what was happening on the back-end.

"They should be a little bit more transparent with the advertisers, especially since we are the ones funding their platform," Wong said.

Will Facebook go on to achieve greater clarity and transparency at the request of its merchants? Well, there's a first time for everything, we suppose – though given the volume of similar requests the company has received over the last year or two, we probably wouldn't put any money on it. But we suspect Facebook will work double-time to prevent more outages. We also suspect that many more merchants will have Facebook-failsafe plans moving forward.

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25. CENTRAL 1 DELIVERS FIRST-IN-CANADA COMBINED REQUEST MONEY AND SMALL BUSINESS INVOICING USING INTERAC E-TRANSFER

Source: Central 1 (3/13)

Small business owners can now send an invoice and request quick payment via Interac e-Transfer. Central 1 today announces the launch of Request Money integration into Central 1's small business online invoicing and payments product. The integrated solution combines Central 1's small business online invoicing service with Request Money into a single digital platform using Interac e-Transfer® Request Money feature. Saskatchewan-based Synergy Credit Union is the first credit union to offer the service to small business members.

"Central 1 is dedicated to putting our clients first by creating solutions that meet customers' needs. For small businesses in particular, the timely collection of outstanding payments is crucial to their success," said Randy Johal, Senior Product Manager at Central 1. "This integrated invoicing and payments solution leverages Interac e-Transfer Request Money, an enhanced user feature, combining two steps into one and, in turn, more quickly putting the hard earned money back into the pockets of small business owners."

Using Interac e-Transfer Request Money feature means fewer fees than with traditional online payment solutions, by accessing funds directly from bank accounts and avoiding costly credit card fees.

"We're always looking for ways to serve the growing small business community in the areas we serve. Through this exciting partnership with Central 1, we're able to leverage innovative technology to provide our members with a more simple, streamlined and faster invoicing and payments experience," said Trevor Beaton, Chief Innovation and People Officer at Synergy Credit Union. "Credit unions are already the financial institution of choice for small business owners, and Request Money integration with online invoicing stands to bring the community a tremendous amount of added value and efficiency."

Central 1 and Interac Corp are Members of ACT Canada; please visit https://www.central1.com/ and https://www.interac.ca/

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26. WIRECARD, INGENICO BUOYED BY WORLDPAY ACQUISITION

Source: PYMNTS (3/18)

Shares in Euro payments tech companies rose on Monday (March 18) after news of the Fidelity National Information Services (FIS) takeover of Worldpay, a London-based payment processing company, according to a report by Reuters. FIS paid $35 billion for Worldpay and other companies' shares floated up on the news. FinTech company Worldline was up 3.1 percent, and software company Atos, which owns about a 50 percent stake in Worldline, was up 1.2 percent.

Worldpay shares popped almost 10 percent in Monday afternoon trading.

Ingenico, a French-based payments company, saw its shares rise 1.1 percent, and Wirecard AG's shares also saw a rise in Germany. Transactions have grown in complexity and moved online, and the payment service industry increasingly has to deal with more complicated issues, like foreign currencies and different types of payments, all while moving at extremely fast speeds, according to a report from the Boston Herald. Worldpay is said to handle upwards of 40 billion transactions a year, and it supports 300 payment types through 120 currencies. Combined, the two companies would have a revenue of $12.3 billion as of 2018. FIS previously bought SunGard in 2015 for $5 billion.

"Scale matters in our rapidly changing industry," said Gary Norcross, chairman and CEO at FIS. "Upon closing later this year, our two powerhouse organizations will combine forces to offer a customer-driven combination of scale, global presence and the industry's broadest range of global financial solutions."

The combined companies will be located in FIS' headquarters in Jacksonville, Florida. Norcross will be the CEO and Worldpay CEO Charles Drucker will serve as executive vice chairman. The deal's value is $43 billion, including Worldpay's debt. The expected range of revenue growth is between 6 and 9 percent through the year 2021. The deal is expected to close in the second half of the year. Worldpay is a British company that was acquired less than two years ago by a Cincinnati-based company called Vantiv. Vantiv later changed its name to Worldpay.

Ingenico and Worldpay are Members of ACT Canada; please visit https://ingenico.ca/ and https://www.worldpay.com/global

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27. UNATTENDED RETAIL IS THE FUTURE AND WE'RE HELPING YOU GET IN THE GAME

Source: Global Payments (3/6)

Unattended Payments

To many consumers, the future of being able to walk into a store, pull something off of a shelf and leave without the hassle of the checkout process sounds like Jetsons-futuristic-type stuff. Not having to waste time in line when you have a thousand other errands to run creates that frictionless shopping experience that your customers are craving. That experience called unattended retail, which is enabled by an array of self-service and AI technology, is already here and over the next five years, it's projected to be a $13B industry.

The Stage Has Been Set

Unattended retail has evolved in recent years from simple vending machines, interactive kiosks and many other payment-enabled machinery to a more technically sophisticated landscape. One filled with artificial intelligence, robotics, IOT and phigipay, the intersection of physical, digital and payments. More and more, technology is enabling frictionless commerce and there are plenty of examples of how it is currently providing value to consumers. For example, Uber lets consumers get a ride to wherever they want to go without ever having to pull out their wallet to pay. Your customers are growing used to this type of stress-free experience, and as a result, they are spending their money at the places that understand how they want to shop.

Unattended retail is an answer to this rallying cry and it provides significant revenue-generating benefits to you as well, including:

Customer Loyalty

Unattended retail done right is much more than just seamlessly integrating the checkout process into the shopping experience or enabling a restaurant customer to submit their order without standing in line. Because customers enrolled in your loyalty program may permit you to acquire data about their purchases, you can personalize your customer's shopping experiences even more while they're right there in the store with specific offers that complement their buying preferences.

Lower Overhead

Not having to staff employees during your hours of operations results in a cost savings that could go straight to your bottom line. Having the flexibility to reallocate staffing and potentially lowering labor expenses opens up opportunities to extend your hours of operation creating more cash flow, meaning more revenue in your pocket.

Reduces Shrinkage Concerns

Contrary to what you may think, if implemented properly, unattended retail can lower the instances of shrinkage because the technology provides real-time inventory tracking. When a consumer removes an item from the shelf, it's logged by the system.

A Prime Example

To help wrap your mind around the future of retail, look at Amazon Go, a brick and mortar retail and grocery store powered by Amazon, which allows shoppers to "Grab and Go" without ever having to wait in line to pay for their items. This is the type of unattended retail sophistication that has the potential to become mainstream. Amazon Go is currently being piloted with three stores. Another 3,000 are planned to open by 2021. The business case for Amazon Go stores looks bright. RBC Capital Market analysts recently estimated that Amazon Go unattended retail stores brought in about 50 percent more revenue on average than a convenience store.

A Competitive Advantage According to Industry Experts

CEO of the Millennium Project, Jerome Glenn said, "Stores that don't offer the ease of checkout-free shopping and personalized tips customers want may struggle to compete." Global Payments is facilitating "Grab and Go" commerce opportunities in an unattended retail setting through its phigipay capabilities, which enable seamless digital payments, loyalty and stored value integration, while optimizing its unified commerce platforms to support new payment flows and methods of identifying consumers via card, mobile and QR-based solutions.

Brick-and-mortar retail disruption in the form of unattended retail is just around the corner. Are you ready to get into the game?

Global Payments is a Member of ACT Canada; please visit https://www.globalpaymentsinc.com/en-us

28. RETAIL BANKING SALES CULTURE MAY RAISE RISKS FOR CONSUMERS

Source: Financial Consumer Agency of Canada (3/20)

The Financial Consumer Agency of Canada (FCAC) has published a report on its review of domestic banks' retail sales practices. The report, which follows 9 months of extensive work, finds that bank cultures strongly anchored in sales can increase the risks of mis-selling to consumers and of bank employees breaching market conduct obligations.

The report identifies key findings:

- Retail banking culture is predominantly focused on selling products and services, increasing the risk that consumers' interests are not always given the appropriate priority.
- Banks' financial and non-financial incentives, sales targets and scorecards may increase the risk of mis-selling and breaches of market conduct obligations.
- Certain products, business practices and distribution channels present a higher sales practices risk.
- Governance frameworks do not manage sales practices risk effectively.
- Controls to mitigate the risks associated with sales practices are underdeveloped.
- The report also proposes a number of measures banks can take to reduce these risks.

For its part, FCAC will buttress its supervisory and enforcement teams and implement a modernized supervision approach that will allow it to monitor banks more proactively. It will also enhance its consumer information by highlighting consumers' rights and responsibilities and the importance of asking the right questions when purchasing new financial products and services.

The report will be shared with government officials to inform policy development. FCAC is currently investigating alleged breaches of market conduct obligations that may have been identified during the course of the review.

Quotes

"Banks are in the business of making money. We know that. But the way they sell financial products and manage employee performance, combined with how they set up their governance frameworks can lead to sales cultures that are not always aligned with consumers' interests." Lucie Tedesco, Commissioner, Financial Consumer Agency of Canada

Quick facts

- FCAC reviewed the sales practices of Canada's six largest banks (Bank of Montreal, Bank of Nova Scotia, Canadian Imperial Bank of Commerce, National Bank of Canada, Royal Bank of Canada and Toronto-Dominion Bank).

- FCAC examined the factors that could influence sales practices and the measures banks have taken to minimize any resulting risks to consumers.
- FCAC reviewed over 4,500 complaints to gain a better understanding of the issues consumers experience when acquiring financial products and services from banks.
- FCAC examined more than 100,000 pages of bank documents, including those related to training, performance and sales management, compliance, risk management and internal audit.
- FCAC interviewed over 600 bank employees (from CEOs to front-line staff) and board members.

Industry reviews: FCAC conducts industry reviews regularly to gather information from multiple federally regulated financial institutions or stakeholders on a specific compliance matter. Industry reviews may result in enforcement action if appropriate. The purpose of industry reviews is:

- to assess current or emerging issues on a specific topic or theme
- to identify and examine industry practices or trends
- to verify levels of compliance with market conduct obligations
- to collect information for policy discussions

CIBC, The Financial Consumer Agency of Canada and TD Bank are Members of ACT Canada; please visit https://www.canada.ca/en/financial-consumer-agency.html, ***https://www.cibc.com/en/personal-banking.html*** *and* ***https://www.td.com/ca/en/personal-banking/***

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29. MASTERCARD ADVANCES CROSS-BORDER CAPABILITIES WITH ACQUISITION OF TRANSFAST

Source: MasterCard (3/8)

Proven P2P and B2B Network to Accelerate Scale and Growth. MasterCard today announced it has entered into an agreement to acquire Transfast, a global cross-border account-to-account money transfer network. Transfast will complement MasterCard's wide range of payment solutions by increasing worldwide connectivity in the account-to-account space, enhancing compliance capabilities and offering more robust foreign exchange tools. Transfast currently supports the MasterCard Send solution for business-to-business and person-to-person payment services.

“We believe Transfast gives us the strongest platform to immediately enhance our cross-border capabilities and further deliver on our strategy,” said Michael Miebach, chief product officer for MasterCard. “The addition of Transfast adds to our leading position in meeting business, government and consumer payments needs – whether B2B, P2P or other flows. Today’s news cements our collaboration and sets the stage to provide our customers a unique, ready-to-go solution upon closing.”

Greater Transparency, Enhanced Connectivity

When businesses send cross-border payments to their vendors and partners, they face higher costs, compliance requirements, and limited predictability of when the transaction will be completed. The combination of MasterCard and Transfast will offer applications that solve these challenges and provide greater transparency and certainty in such transactions. It will also support financial institutions, digital platforms and other partners as they provide people and businesses the ability to send and receive money how and when they want to virtually any end point across more than 100 markets.

“There are substantial synergies with MasterCard for even further growth across our products,” said Samish Kumar, CEO of Transfast. “Over the past 12 years, we have grown our capabilities to connect, track and settle transactions with almost every bank around the world via our curated and extensive network. We’ve worked in support of MasterCard Send and this feels like the natural next step in our relationship.” Prior to this announcement, MasterCard lapsed its offer for Earthport in order to focus on the integration and expansion of Transfast.

Terms of the agreement were not disclosed. The transaction, which is anticipated to close in the second half of 2019, is subject to customary closing conditions.

MasterCard is a Member of ACT Canada; please visit https://www.mastercard.us/en-us.html

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30. FIRST DATA HELPS MERCHANTS BOOST CARD-ON-FILE SALES

Source: PYMNTS (3/19)

First Data, a commerce-enabling technology and solutions company, announced Tuesday (March 19) the launch of Authorization Optimization, a digital commerce tool that optimizes card-on-file transactions to boost revenue for merchants. In a press release, First Data said the new solution increases authorization rates for card-on-file transactions by as much as 10 percent by applying intelligent transaction tools. With the Authorization Optimization tools, First Data is going after businesses with a high volume of digital payments, including those in the subscription industry and ridesharing platforms that rely on card-on-file payments.

“Nearly $15 billion in eCommerce revenue is missed annually because merchants haven’t had a reliable authorization optimization strategy,” said Nandan Sheth, head of global digital commerce at First Data. “With our new Authorization Optimization solution, we’re providing our enterprise clients with powerful back-end support, fuelled by industry-leading data intelligence. This insightful intelligence is used to boost authorization rates, as well as [to help] merchants retain more customers through a deeper understanding of their portfolio.”

First Data's Authorization Optimization solution is fuelled by artificial intelligence, machine learning and a team of data scientists. The company's insights portal provides merchants with authorization information by card type and issuer, while its machine learning rules engine helps merchants reduce services cancellations while securely updating new payment information. All of this occurs without customer intervention, noted First Data. The company said the tool has been proven to increase revenue for merchants, pointing to a multinational digital game merchant as one example. By applying the new tools, First Data was able to process tens of millions of dollars' worth of transactions that otherwise would have been declined. Additionally, the company said the Authorization Optimization solution enables merchants to conduct their own analytics in a single dashboard on a wide variety of data types.

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31. AMAZON PRIME SUBSCRIPTIONS TO HIT 50 PCT IN US

Source: PYMNTS (3/12)

A new study by eMarketer says more than half (51.3 percent) of U.S. households will have Amazon Prime memberships this year, a number that would equal 63.9 million households in total. Prime membership growth will be driven by lower-income households and other Prime holdouts, who will be enticed by Amazon's payment instalment plan and other offerings. Amazon raised the price of a Prime membership in May of 2018 to $119. Originally $79 when it was introduced in 2014, the membership was then raised to $99. Payment plans include an option of $12.99 a month, a discounted student membership at $59 a year, and a $5.99 a month fee for people on government assistance.

"New membership is driven by the company's continuous expansion of Prime product categories, like groceries, apparel and pantry — as well as new options for media consumption, like books and video games," said Martín Utreras, eMarketer's vice president of forecasting. Another large incentive is the introduction of Amazon Household, a program allowing family members to share linked accounts for shopping and Prime content.

"Amazon's flexible discount strategy shows it's trying to attract the long tail of the consumer market," Utreras said.

Prime users tend to spend more money on Amazon than non-users, averaging $1,400 a year versus $600 a year. Prime continuously adds new services for its members. At the end of February, Amazon announced the launch of Amazon Day, a new delivery service that lets Prime members in the U.S. pick the day of delivery each week. In a press release, Amazon said with the new service Amazon will group together orders and deliver them on the same day of the week. Customers can also choose the two-day Prime shipping rate if they can't wait for a specific product. Amazon said the new service should result in fewer packages. It's part of the Seattle, Washington eCommerce giant's sustainability efforts to achieve

Shipment Zero, its vision to make all Amazon shipments net zero carbon, with 50 percent all of all shipments net zero by 2030.

32. DISCOVER PARTNERS WITH ZESTFINANCE TO IMPLEMENT AI-BASED UNDERWRITING PLATFORM

Source: Discover (3/4)

Lender will better predict losses and lift approval rates with increased data variables. Discover Financial Services and ZestFinance, a leader in artificial intelligence (AI) software for underwriting, today announced a partnership to create one of the largest AI-based credit scoring solutions in the financial services industry. Discover will be using the Zest Automated Machine Learning (ZAML) platform to improve credit underwriting by taking advantage of interpretable machine learning approaches to make more accurate lending decisions. In a successful trial, Discover and Zest found that the inclusion of more data and artificial intelligence techniques reduced default rates significantly without added portfolio risk.

“A lot of banks struggle just to get their AI out of the lab,” said ZestFinance founder and CEO Douglas Merrill. “Discover is a leader in the financial services industry with the vision to make machine learning core to their business. Using machine learning responsibly means deploying accurate, explainable and fair models.”

“Banks that fail to invest in machine learning will end up fundamentally uncompetitive in a couple of years,” said Roger Hochschild, CEO and president of Discover. “We found the best way to drive benefits faster was to complement our internal efforts with a partnership with Zest.”

The companies expect to put their first ML model into production later this year. Merrill and Hochschild are scheduled to appear together April 8 at the LendIt Fintech USA conference in San Francisco to discuss key business benefits of matching the latest ML technology with the rich data held by financial institutions.

Discover is a Member of ACT Canada; please visit https://www.discover.com/

33. AMERICAN EXPRESS TO ACQUIRE LOUNGEBUDDY

Source: American Express (3/11)

American Express today announced it will acquire LoungeBuddy, a digital platform that enables travelers to discover, book and access airport lounges worldwide. Founded in 2013, LoungeBuddy’s mobile app and website (www.loungebuddy.com) provide a premium airport experience with robust lounge ratings and reviews, comprehensive eligibility criteria, and global airport coverage through its lounge partners. The acquisition is expected to be completed in April 2019.

“The expansive airport lounge access we offer our premium Card Members through the Global Lounge Collection is among the most popular travel benefits we offer, which is why we continue to invest in enhancing the lounge access and services we provide,” said Chris Cracchiolo, Senior Vice President, Global Loyalty and Benefits, American Express. “With the acquisition of LoungeBuddy, we will be able to leverage its cutting-edge platform to develop additional ways to become an essential part of our Card Members’ digital lives.”

American Express has been partnering with LoungeBuddy since 2017 to provide information in the American Express mobile app for the more than 1,200 airport lounges that Platinum Card and Centurion Members can access through the American Express Global Lounge Collection.

"Since the beginning of our partnership with American Express, it was clear that American Express shared the same commitment to elevate their customers’ entire travel experience and beyond," said Tyler Dikman, Co-Founder and CEO, LoungeBuddy. "As a company rooted in providing a highly premium experience using innovative technologies, we are excited to work even more closely with American Express to further deliver on this for their Card Members across the globe," added Zac Altman, Co-Founder and CTO, LoungeBuddy.

After the acquisition, LoungeBuddy will operate as a wholly-owned subsidiary of American Express under the leadership of its original founders and will continue to develop its technologies and capabilities in digital travel services.

American Express is a Member of ACT Canada; please visit https://www.americanexpress.com/canada/

34. IDENTIFY3D DEPLOYS GEMALTO SOLUTION TO ENSURE PROTECTION OF ITS CUSTOMERS’ IP AND MANUFACTURING DATA

Source: Gemalto (3/12)

Digital manufacturing software provider expands its data security with SafeNet Data Protection on Demand cloud-based HSM service. Gemalto today announced that Identify3D, the most advanced security solution for digital manufacturing supply chains, has deployed Gemalto's SafeNet Data Protection On Demand to ensure the security of its customers' intellectual property and quality of their digital manufacturing services in the cloud.

With customers in extremely security-conscious sectors such as aerospace and defence, it is critical that Identify3D builds strong data security controls into its cloud-based services in order to protect customers' sensitive information and intellectual property. After looking at on-premises alternatives and cloud providers, Identify3D selected SafeNet Data Protection on Demand due to its ability to provide a wide range of cloud-based hardware security module (HSM), encryption, and key management services that easily integrate with the applications and cloud services it already uses.

"Identify3D provides intellectual property protection, manufacturing repeatability and traceability in all phases of digital manufacturing from unauthorized distribution, transformation, replication and production. Security is integral to everything we do," said co-founder and Chief Strategy Officer Stephan Thomas. "For many companies operating in our space, security is only bolted on when customers ask for it. That's not the way we do things; for us security, specifically data protection, must be a part of the process from day one. As our customers seek to expand their capabilities, we needed a solution that would enable them to grow comfortably, without compromising our security-first principles." With SafeNet Data Protection on Demand, Identify3D was able to deploy a cloud-based HSM service to act as the root of trust for its certificate authority and support advanced algorithms. The company is now able to offer its customers secure digital manufacturing services while enjoying the flexibility and scalability of a managed cloud-based security service with zero upfront investment.

"Identify3D can now provide our customers unrivalled protection of their valuable data and intellectual property, while verifying that their manufacturing is authorized and authenticated according to the exact standards. Within a couple of months of the solution being implemented, we saw a significant 35% cost saving and are able to add new clients quickly and efficiently in less than an hour," added Thomas.

"Many cloud service providers want to lock you in and make you buy more services when you need to expand. Gemalto's business model matched our requirements and the process was simple," said Doug Peterson, Identify3D senior field application engineer. "Moving forward it will be much easier to upgrade customers to the cloud, move keys around, add new firmware, and support remotely. As our service provides multi-tier role separation access control between customers and different types of manufacturing within the same company, it is now simple to offer the service in a hosted service delivery model."

Todd Moore, senior vice president, Data Protection at Gemalto said: "It's refreshing to see another company that employs a security-first approach. For too long businesses have maintained a 'buy now add security later' mentality for their customers, which is putting too many end users at risk. With SafeNet Data Protection on Demand, Identify3D is able to efficiently provide a secure digital manufacturing service that meets the quality of service and data protection requirements of their customers."

Gemalto is a Member of ACT Canada; please visit https://www.gemalto.com/

35. GOOGLE PAY IS COMING TO EBAY

Source: PYMNTS (3/21)

Very soon, eBay shoppers will be able to choose Google Pay as their payment method when checking out. The move comes as the latest expansion of its newly redesigned payments experience. In early 2018, eBay announced its plans to intermediate payments through a multi-year implementation that may last through mid-2020. PayPal remains a payment option at checkout — and will until at least 2023 — but Adyen is now eBay's primary payments processor. eBay says it expects to manage the majority of payments on its platform by 2021. Shoppers who prefer to use Google Pay will be able to do so within the eBay app, mobile website and desktop site, regardless of operating system or device.

"Google Pay provides users with a fast, simple and secure way to pay online," said Alyssa Cutright, vice president of global payments, billing and risk at eBay. "Offering Google Pay as a form of payment is another significant step toward providing our customers with more choice in their payment options, and creating an experience that is tailored to personal preferences. "

As a bigger part of eBay's now-streamlined payments experience, users will be able to easily check out without having to leave the platform. The company notes that in its first year, "managed payments is already delivering value to buyers through an improved shopping experience and to sellers through new selling tools and streamlined costs. Google Pay is not the first "Pay" option available to eBay users. Last July, Apple Pay went online with eBay, though it is somewhat more limited than Google Pay. Apple Pay works in-app with eBay and on the web, but users have to be on the Safari browser because Apple Pay doesn't work with Chrome.

"Apple Pay is one of the most ubiquitous forms of payments, and provides users with an easy, fast and secure way to pay," eBay's EVP of Payments Steve Fisher said at the time. "Offering Apple Pay as a form of payment on eBay is the first step in providing more choice and flexibility in payment options to our tens of millions of buyers." Android users chomping at the bit to use Google Pay on eBay will have to wait a bit. The rollout officially starts in April.

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ACT Canada helps members to:
Engage - Grow the commerce community via stakeholder contributions, collaboration and networking
Enable - Provide access to the expertise of the member community to gain insights that will help strategic decision-making
Evolve - Drive positive change in the increasingly complex commerce environment