Cash Payment Solutions

Barzahlungslösungen für das 21. Jahrhundert

CPS Offers the Largest Infrastructure-based Payment Service in the DACH Region and are now Looking to Expand European wide

Retail Infrastructure with more than 16.000 POS

PRODUCTS

Banking

- Launched in 2016, >10 banks
- Native banking app integration
- Deposits to bank account, withdrawals from bank account

Bill Payment

- Launched in 2014, >100 merchants
- Integration in billing/dunning processes
- Payment of bills, payouts of credits & benefits

Online Payment

- Launched in 2013, >500 merchants
- Check-out integration
- Payment of online purchases, payouts of returns

Reference Customers

real.de · CHECK24 · FLiXBUS · amazoncash · N26 · ERGO Direkt · e·on · GENERALI · vodafone · sky · TÜV SÜD · Bundesagentur für Arbeit · TARGOBANK · DKB · Sparda-Bank · DocMorris · Stadtwerke Düsseldorf · mainova · meinfoto

1) Go-Live in 2019
2) Go-Live first half 2020

Cash Payment Solutions (CPS) Offers Germanys Largest Independent Cash-in / Cash-out Infrastructure

Cash Payment Solutions	15.510
Sparkasse	13.000
Volksbank/Raiffeisenbank	10.520
Commerzbank	1.000
Postbank	850
Deutsche Bank	530
HypoVereinsbank	352

- "The Retail API" - Central real-time API integration into E-POS System of all retailers
- Gateway for any company to process transactions at a Retail POS
- Continuously growing infrastructure
- Most retailers in a market leading position not only in Germany, but also across Europe
- High scalability at very low costs through utilizing an already existing asset more than it is utilized today (i.e. Uber / AirBnB business model)

1) Go-Live in 2019

The Retail Partnerships that CPS Already Leverages for Cash-Ins and Cash-Outs in Germany are Very Scalable Internationally

Germany: 12,000 POS

Austria: 2,500 POS

Switzerland: 1.000 POS

Italy: 135 POS

Greece: 500 POS*

Cash Payment Solutions

* Go-Live in Q4 2019 / Q1 2020

How does CPS Leverage and Monetize the Infrastructure?

1	Banking: “Next generation ATM”	Cash-In Cash-Out	■ Offering basic banking services cheaper and more customer-friendly than through own ATM / branch infrastructure	N26, DKB, GRENKE, Sparda-Bank, fidor BANK
2	Online Payment: “Enabling Cash Payments online”	Travel Gaming E-Commerce	■ Enabling low-to-middle income population, teenagers and security concerned an easy and convenient option to shop online using cash as their most popular payment option ■ Only 32% of population owns a credit card and 82% of payments in brick-and-mortar retail are paid in cash	DeinBus.de, perfumdreams, easyCOSMETIC, GOODGAME STUDIOS, airprishtina, CHECK24, MMOGA, KOSOVA AIRLINES, Upjers.com, meinfoto.de, JIGPOINT, GAMEFORGE, Rakuten, DocMorris
3	Bill Payment: “Bill Payments with Cash”	Public Authorities Insurances Housing Telco Debt Collection Utilities	■ Convenient and easy bill payment using cash ■ Monetizing “the underserved” low-to-middle income population that are dependent on cash as their primary source of income (e.g. taxi driver, waitress) or are not able to use their bank account (e.g. in overdraft)	ERGO Direkt, AXA, STADTWERKE WOLFSBURG, GAG, TÜV, STADTWERKE KIEL, LSW, envis, sky, NEW, Gothaer, e·on, Lowell, swb, WSW, Universum Group, EWV, Santander, Stadtwerke Düsseldorf, TEAG, CosmosDirekt.
4	Digital Retail Services: “Becoming the Retail API”	Gift Cards Telco Top-Ups Loyalty Multichannel	■ Central real-time API integration in e-POS system ■ Go-To Contact for digital retail projects ■ Leveraging technological know-how to digitalize retail	BUDNI, ZooRoyal, REWE, PENNY, real-, real.de, REWE 1010, dm, ROSSMANN

1

Cash remains extremely relevant in Europe making cash-in and cash-out availability the most important feature for a current account besides costs

CASH REMAINS EXTREMELY RELEVANT IN EUROPE

78.8% of all transactions in the Euro zone are still paid in cash

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Currency in Circulation has increased by an average of **7.9%** per annum in Europe

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On average every consumer in the Euro zone withdraws money **1.2** times a week

MOST IMPORTANT ASPECTS FOR CURRENT ACCOUNT

Source: European Central Bank (ECB) , Statista; G4S Cash Solutions

At the same time banks significantly reduce own branch and ATM infrastructure leaving a future gap in cash services and cash supply

BANKS SIGNIFICANTLY REDUCE OWN BRANCH AND ATM INFRASTRUCTURE

Sources: European Central Bank, 2017; G4S Cash Solutions, 2018; European Banking Federation, 2018.

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Cash as a Service: Barzahlen offers the efficient alternative to Counters and ATMs as the Next Step in the Evolution of Cash Management

	Bank counter	ATM	CPS
Banks	▪ Very high fixed costs ▪ Very low flexibility ▪ Very high variable costs due to manual processes	▪ High fixed costs ▪ Low flexibility ▪ Still high variable costs very dependent on utilization of ATM	▪ No fixed costs ▪ High flexibility ▪ Significantly lower costs than with branches or ATMs
Consumers	▪ Extra way to branch with no additional value ▪ Bad opening hours ▪ Limited and declining availability of branches (especially in rural areas) ▪ Partly high fees of up to 15 €	▪ Extra way to ATM with no additional value ▪ Declining availability of ATMs (especially in rural areas) ▪ Mostly only cash-out, very limited cash-in availability ▪ Surcharges of up to 5 € for cash-outs	▪ Integration into every day life, no extra way ▪ Increasing and already most dense network (also in more rural areas) ▪ Cash-outs and cash-ins easily possible ▪ No costs for cash-outs, lower fees for cash-ins
	Primarily until 2000	Primarily until 2015	FUTURE

High fixed costs for own infrastructure and lower cash transaction volumes over time result in significantly higher cash management costs per transaction. Banks should focus on core business and outsource cash management to specialist and use CPS´s cash as a service.

1 The Smartphone ATM: CPS Focuses on a Pure-Play Mobile First Approach That is Easily Scalable Internationally

Select transaction

The customer chooses if he wants to withdraw or deposit cash and enters the amount

Generating Barcode

The app automatically creates a barcode for the customer

Withdraw or deposit cash

The barcode is scanned at a POS nearby and the customer can withdraw or deposit cash. The transaction is confirmed real-time.

A Bank Integrates CPS API into the Native Mobile Banking App to Enable Consumers to Generate a Barcode That Allows Them to Cash-in / Cash-out at the Retail POS

1

The consumer generates a barcode within its mobile banking app that can be shown and scanned at a retail cashier to deposit or withdraw cash

- ✓ Convenient
- ✓ Mobile First
- ✓ For Free

The Mobile ATM Feature Offers Many Advantages

Zeit sparen

Banking & Shopping einfach verbinden

Zusätzliche POS

Kunden profitieren von einem stark vergrößertem Geldautomaten-Netzwerk

Ein-und Auszahlungen

Bargeld kann sowohl ein- als auch ausgezahlt werden

Cardless Cash

Das Smartphone reicht aus- eine EC-Karte wird nicht benötigt

Kunden-bindung

Das Cash Feature ist direkt in die mobile Banking-App Ihrer Bank integriert

Neue Kundengruppen

Weitere Kundengruppen erschliessen

1 The Barzahlen Solution is Highly Recognized by Users as a Very Convenient way to Deposit and Withdraw Cash Integrated in their Daily Routines

1 Many Banks Already Successfully use CPS Infrastructure and Expand the Partnership

RETAIL BANKS

TARGOBANK

Sparda-Bank

ONLINE BANKS

DKB

CHALLENGER BANKS

N26

bunq

fidor BANK

O2 Banking

bankomo

2 Online Payment: (E-Commerce / Gaming / Travel)

Processing of …

- Cash payments of online purchases
- Cash pay-outs for refunds regarding returns

Mechanics and practical application

1 Customer chooses „Barzahlen“ as an alternative payment method compared to PayPal, credit card etc. for online order at online shops

2 Customers choses how he wants to receive the payment slip (SMS, E-Mail, Apple Passbook)

3 Customer pays and receives payment notification via email; shop receives payment notification and initiates fulfilment process

Use Cases & Customer segments

- Security-/Data-Conscious: Online purchases/payments without disclosing sensitive financial and personal data
- Youths: Using pocket money for online purchases
- Generation 65+: Established payment with cash also online
- Low to Middle Income: Simple access to an alternative payment method and more financial control

Reference customers

real, DocMorris, airprishtina, Rakuten, ADRIA, amazoncash, meinfoto.de

Even Market Leader Amazon Starts to Use Cash to Monetize Financially Underserved Consumers

Partnership between Amazon and barzahlen.de

amazoncash

Barzahlen

- Amazon leverages CPS infrastructure to allow cash deposits through AmazonCash onto your Amazon account
- Customers generate an unique barcode that they can use at the POS to deposit cash
- Through Amazon cash will gain more importance online, role model function to other bigger online retailers

Partnership between Amazon and Western Union in USA

amazon PayCode

WESTERN UNION

- Product called Amazon Paycode
- Western Union and Amazon launched partnership to allow for payments for online purchases
- Similar product to Barzahlen.de
- Opportunity for CPS when Amazon expands this globally

2

Cash also plays a very dominant role across the whole of Europe, especially in many Eastern and Southern European countries

Euro-Circulation Eurozone in Mio. EUR

Source: ECB, 2017

Percentage of cash in total transaction volume per country

Source: The Social and Private Costs of Retail Payment Instruments: A European perspective, by Heiko Schmiedel, Gergana Kostova and Wiebe Ruttenberg, 2012.

Especially Low-Income Population Extensively Uses Cash as it is Their Primary Source of Income and Allows Financial Control

Usage of payment methods according to net income in Germany

Source: Zahlungsverhalten in Deutschland", Deutsche Bundesbank 2014

2

More than 50% of German households are Dependent on Cash Based on Their Income Situation

Distribution of households in Germany on monthly household income

Source: Statistisches Bundesamt, 2017.

Craftsman/Craftswoman
2.100€ monthly gross income

Taxi driver
1.400€ monthly gross income

Salesman/Saleswoman
1.400€ monthly gross income

Waiter/waitress
1.300€ monthly gross income

Hairdresser
1.200€ monthly gross income

2 Also teenagers rely on cash as allowance and presents are mainly paid in cash

Main sources of income for teenagers and students in Germany in the age between 16 and 25

Source: comdirect Bank, 2016

Payment of pocket money in Germany based on payment method

Source: "Zahlungsverhalten in Deutschland", Deutsche Bundesbank 2014

2 High Income Population is Overserved with Payment Options

PayPal
Pay
pay
sofort überweisung.de
amazon payments
Skrill
MasterCard
VISA
DHL NACHNAHME
kash smart bezahlen
DISCOVER
paymorrow DER RECHNUNGSKAUF IM INTERNET
Klarna
AMERICAN EXPRESS
giropay
mpass mobile cash
POSTPAY
NETELLER
BILLPAY
paydirekt
VERO PAY
GO4Q
clickandbuy
bitcoin ACCEPTED HERE
BILLSAFE
iPAYst easy. secure. everywhere.
better payment
Rechnung
iDEAL
PAYOLUTION
YAPITAL
LATERPAY
PAYMILL
Vorkasse per Banküberweisung
eps
MICRO PAYMENT
payever
Ratenkauf Klarna
PayCash
RatePAY
bitpay
Alipay

Whereas Low Income Population is Underserved and existing Payment Options are inconvenient and expensive

DHL NACHNAHME

Vorkasse

How it Works – The Technology Works Based on a Simple Barcode That Allows to Process Transactions at the Retailer

Payment Process

Customer Receives Barcode Customer receives a bill or shops online and either receives a payment slip or text message with a barcode

Convenient Payment
The customer conveniently pays at local retail partners with ~10,000 POS nationwide

Real Time Payment Confirmation
The cash register system confirms the payment real-time and the respective client gets notified immediately that the payment is settled

Barcode

Printout

Text Message

App

Passbook / Wallet

3 Bill Payment: (Utilities, Housing, Insurance, Telco, Debt Collection etc.)

Processing of …

- Payment for services (e.g. utilities, insurance, telecommunication & rent etc.)
- Pay-out of credits / premiums (e.g. final energy invoice. Insurance premium etc.)

Mechanics and practical application

1. Customer receives „Barzahlen“ payment slip from invoicing company, e.g. by post together with the invoice

2. Customer pays and company receives the payment signal in real-time. Company books out the claim or notification is directly reported into the ERP system (e.g. for avoiding power-cut)

- Bill payment similar to cash payments based on payment slips at the post office

Use Cases & Customer segments

- Direct Payers/ Cash Payers: Do not want to give companies access to their account (direct debit) and regularly pay their bills proactively
- Low-Income People: Use of cash for better budget control and often no other payment method than cash available (e.g. primary income in cash, garnishment)

Reference customers

e·on, ERGO Direkt, sky, AXA, Barmenia Versicherungen, Stadtwerke Düsseldorf, GAG ImmobilienAG

By Winning the Public Tender of the National Unemployment Agency in GER, CPS has Proven its Superior Technology

Bundesagentur für Arbeit

	Opportunities	In implementation
Special Situation Benefits	▪ Payouts of special situation benefits to unemployed people ▪ ~ **420,000** potential transaction p.a. ▪ Ca. €100 mn Processing Volume	✓
Regular benefit payments	▪ Payout of regular unemployment benefits ▪ ~ **820,000** potential transaction p.a. ▪ Ca. €300 mn Processing Volume	
Cash-Ins	▪ Cash-Ins for repayments of loans ▪ ~ **12,000,000** transactions p.a.	(✓)
Benefit vouchers	▪ Processing social benefits vouchers ▪ No numbers yet available	

National rollout in Jan 2019, very positive feedback from social benefits recipients

Vision: CPS will become a highly scalable real-time financial services platform (API) to offer value added services at the Retail POS beyond Cash-In / Cash-Out

*Go-Live in the next 12 months

Your personal contact

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