



eDankort

eCommerce - Online banking

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The playing field - 2006

- A Danish Payment Card Act regulates all aspects regarding payment by card and payment by secure code.
- Denmark is eu-member, but do not join the euro.
- More than 150 Banks and Saving Banks
- PBS – (owned by danish banks) – is
 - central switch,
 - acquirer of domestic and international cards
 - provider of payment services
- Dankort A/S (owned by PBS) – is
 - issuing licenses and rules
 - approving suppliers



On-line banking in Denmark

- 2,5 mio. private netbank users
- Account look-up
- Account-to-account transfers
- Irregular payments (giro etc.)
- Regular payments (monthly check-up)
- Many other services



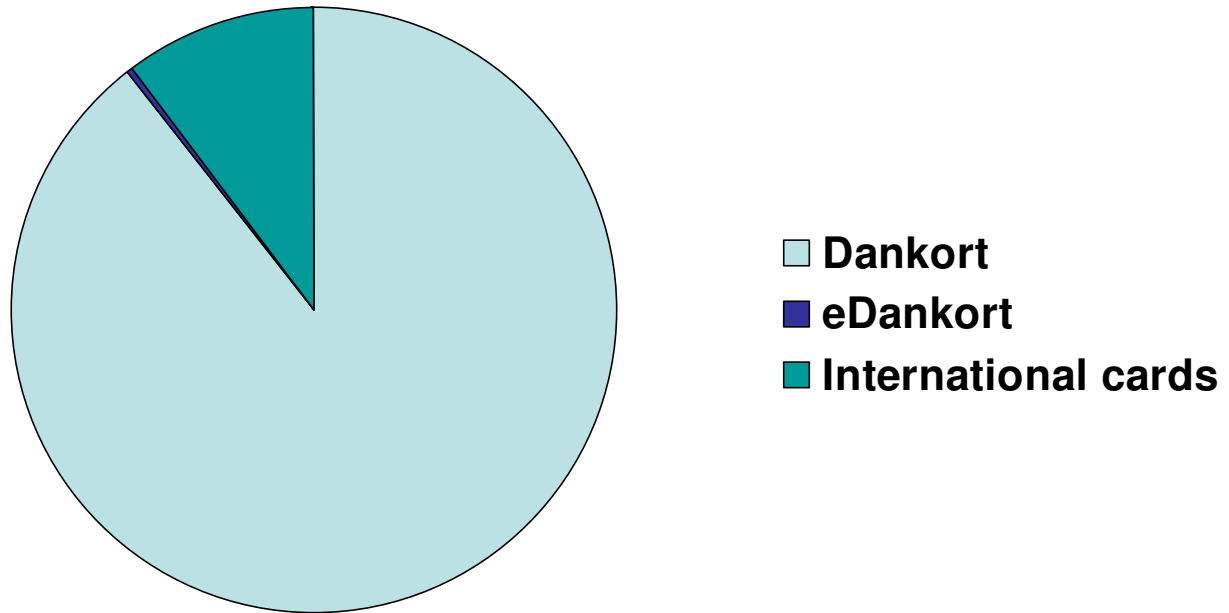
Internet shopping in Denmark

- There is not a major tradition for sales by postal order
- Common user behaviour: Searching and comparing on the internet. Buying in physical shops.
- Some important eCommerce drivers:
 - mobile phones – prepaid top-up
 - tickets – travel and entertainment
 - betting and lottery
 - music (new)
 - computer equipment



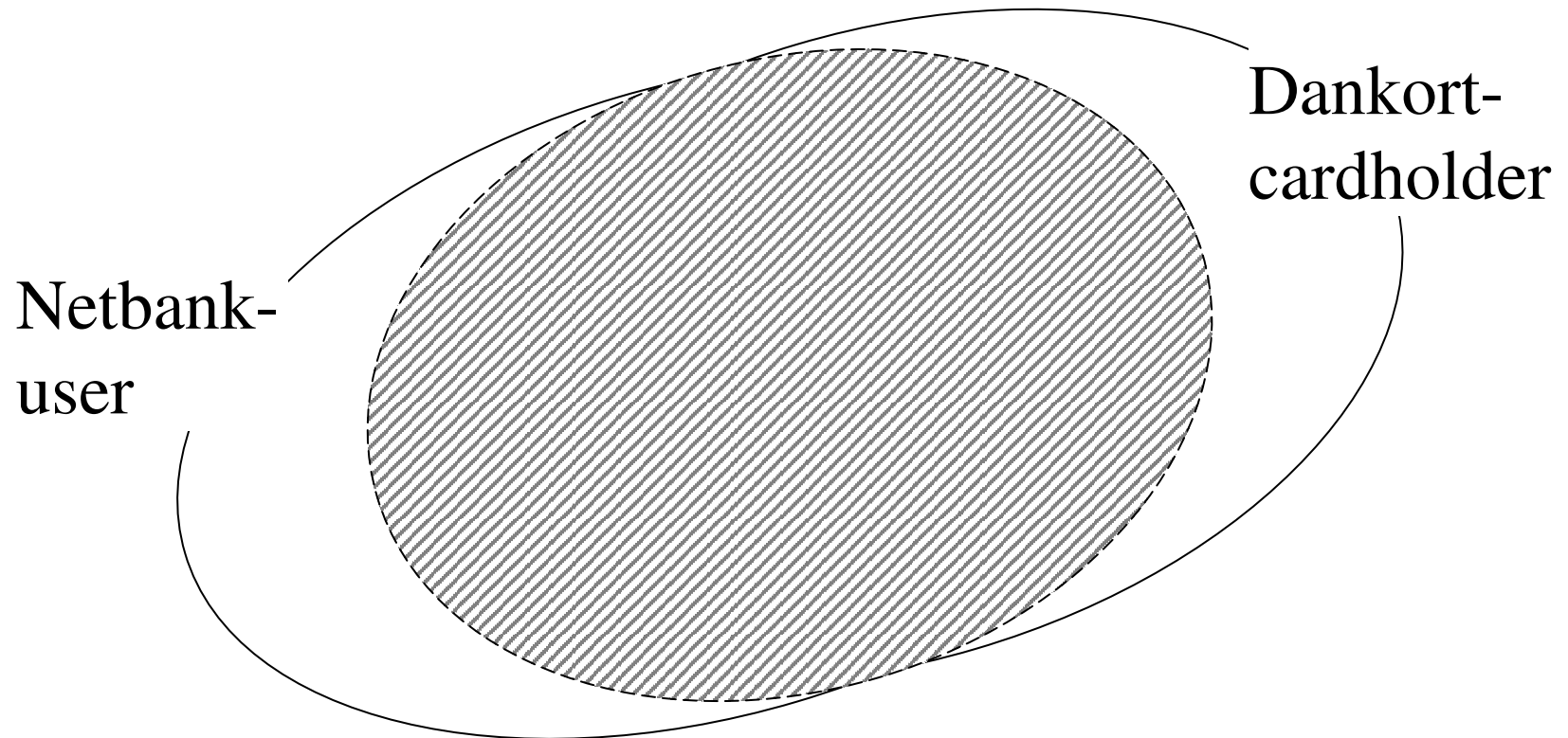
eCommerce 2005

Payments 1-3 Q 2005





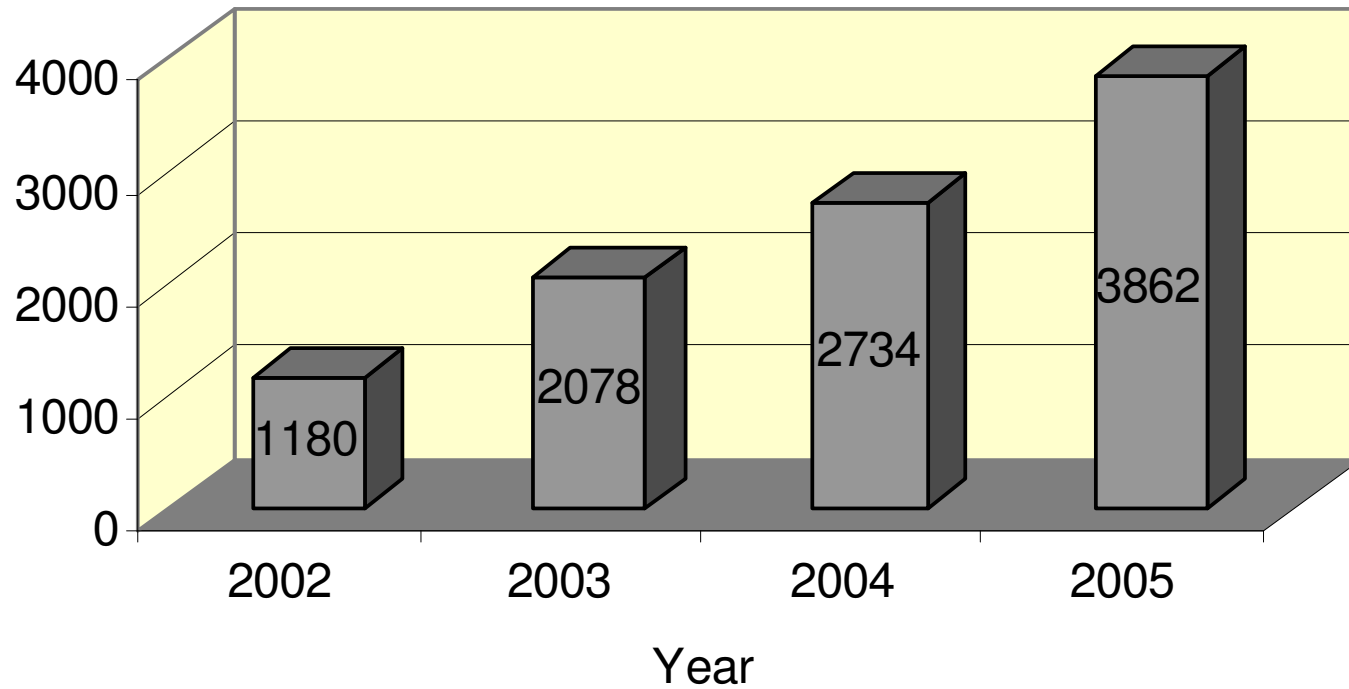
Dankort vs. Netbank





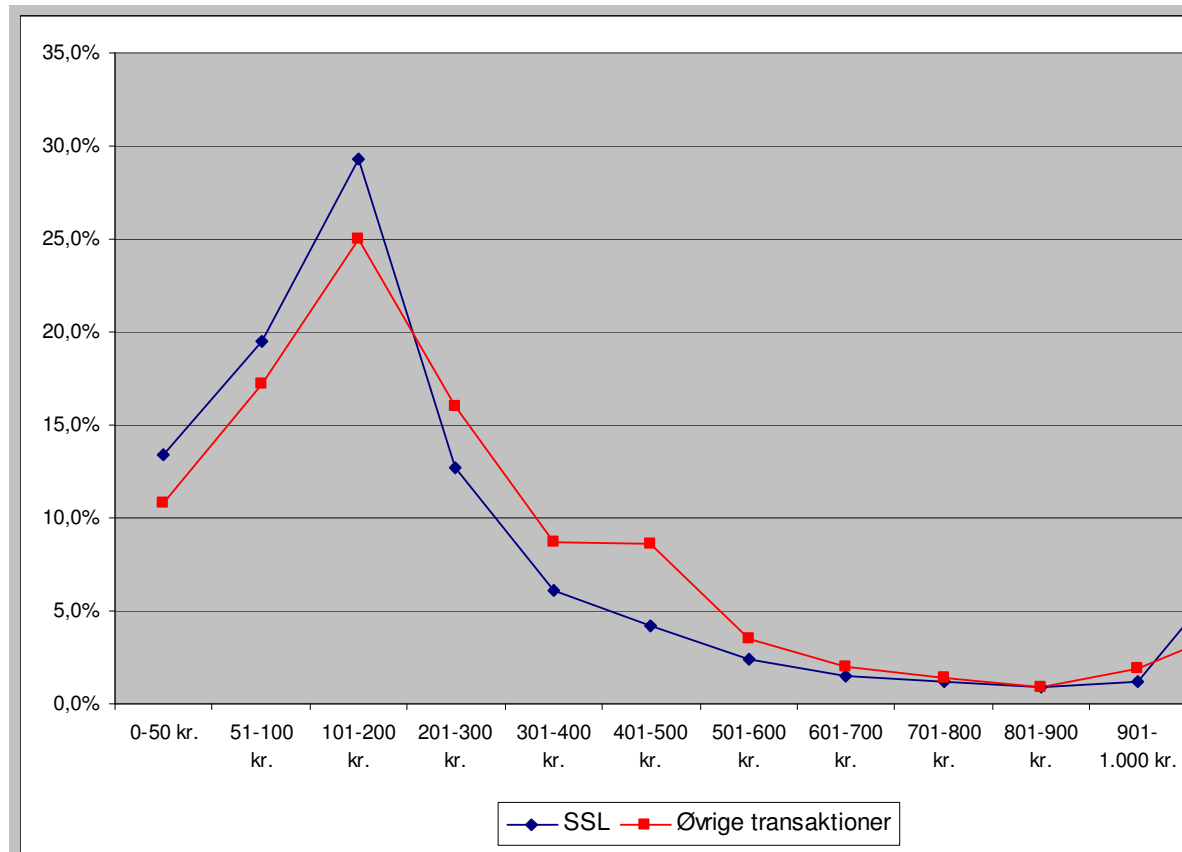
eCommerce merchants

Number of active eCommerce merchants





Size of amount (eCommerce vs. All Other)





Major payment possibilities

- Payment Cards
 - Dankort
 - Visa brands, VbV
 - MasterCard brands, SecureCode
 - Diners, Amex etc.
- Netbank
 - eDankort
 - Nordea
 - DanskeBank
- Micropayments – prepaid
 - eWire
 - Valus



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- [eDankort flash](#)



- 2003 - Pilot
- 2004 - Obstacles identified and most removed
 - technical
 - agreements
 - economical
 - usability
- 2005 - Market survey and campaign
- 2006 - Stabilisation and removal of last obstacles



Market survey - merchants

Conclusions

- Low initial costs necessary.
- More security is only important for merchants that have experienced major economical loss
- The user experience should be more plug'n play. It not the user prefer card payments
- The major trigger for merchants is to attract new customers.



Market survey – After user campaign

Conclusions

- Use of the internet is to save time and money – or a lifestyle. Payment is not the most important thing – should be simple and flexible. The issue of security concern is now limited to the minority of users.
- Investing in a major marketing campaign will not pay-off, thus information of users are necessary
- Partnering with merchants, issuers and their web-suppliers is the way forward to further enhance secure ecommerce solutions.



Pro

- **Provide more value to netbanking**
- **The PIN-terminal on the "Internet POS"**
- **You don't need a payment card at hand**
- **Effective fraud prevention**
- **Attractive for new segments of consumers**



Online banking and eCommerce

Con

- **May be considered more complicated – at least the first time**
- **Only access to pay when access to bank – backup center is a possibility**
- **More costs to be shared – or balanced by advantages**
- **Need marketing activities to expand**



Interoperability !!

Statement! Each bank with their own ecommerce online banking solution is unrealistic and uneffective
– so what then?

Issues to think about:

- Framework
- Rules
- Network –technical infrastructure
- Commercial aspects
- Sales, promotion and marketing