



Selling Online:

How to improve online experience and security

Presented by DMS, TABIA and Mastercard

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Mastercard small business solutions overview



The Canadian small business market remains a key economic driver



As e-commerce growth has exploded due to consumer shifts, it's become more important than ever for small businesses to move towards digitally enabled payments.

Key economic growth



37.8%

Total GDP contribution¹

- **81%** of all small businesses are willing to integrate new technologies into their operations.⁴
- **61%** would be willing to move away from cash, if they had other options.
- **67%** of small businesses are willing to move away from cheques, if they had other options.⁵

Digital is the path forward



10.4%

Projected increase in e-commerce sales in 2022 YoY³

- **90%** of small business owners moved a portion of their operations online.⁴
- **40%** of small businesses accelerated technology investments (sales and customer service).⁴
- **81%** are planning to offer contactless service.⁴
- **51%** of small businesses are looking to secure digital payments.

Sources:

1. Government of Canada-Key Small Business Statistics (Innovation, Science, and Economic Development Canada).
2. Salesforce, How Do Small Businesses Earn Customer Loyalty 2020.
3. eMarketer 2021.
4. Small Business Trends-Salesforce 2021.
5. 2018 Payments Canada-Payments Pulse: SMB Survey Edition.



Small businesses are critical to the Canadian economy

- **98.1% of businesses** in Canada are small businesses
- Small business owners employ **almost 63.8% of Canadians**
- **95% of consumers say trust** is why they are more likely to be loyal to a small business¹

1.2M

Small businesses
in Canada.²



Sources:

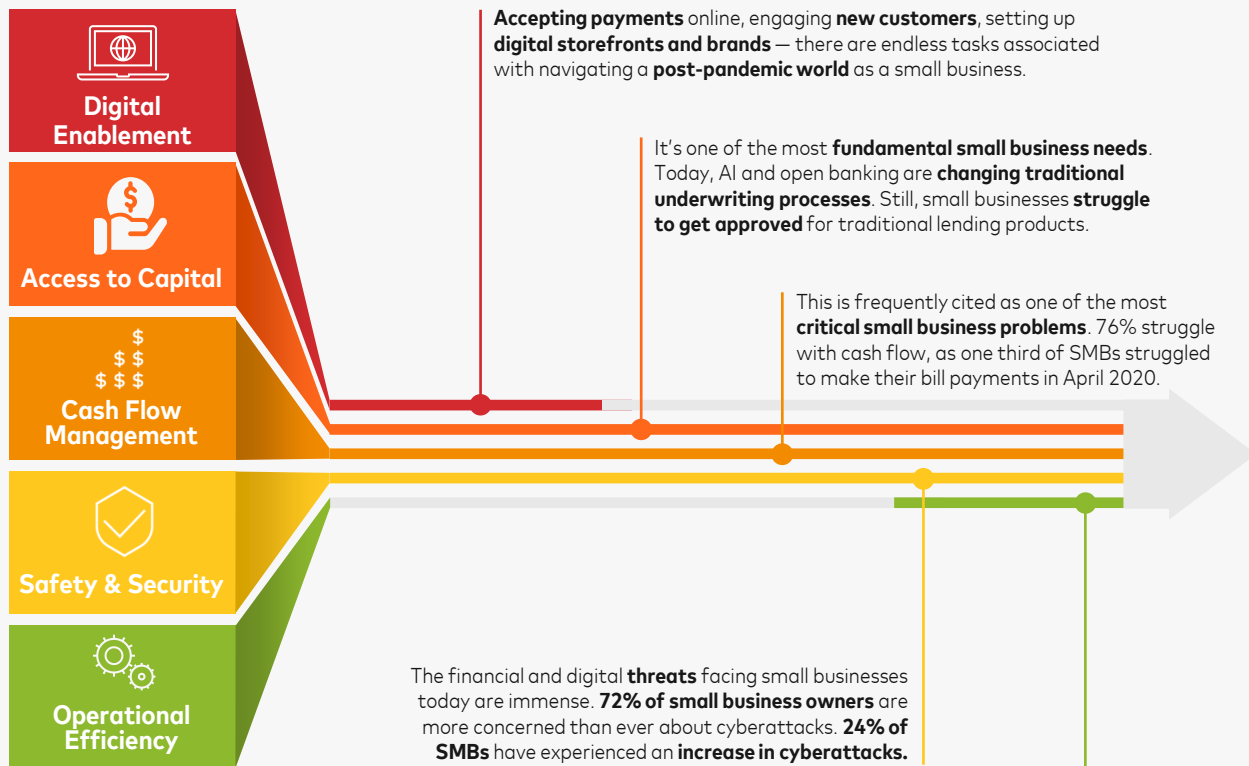
1. Government of Canada-Key Small Business Statistics (Innovation, Science, and Economic Development Canada.
2. Statistics Canada. "Analysis on small businesses in Canada, first quarter of 2022", March 2022



The small business journey

In a post-pandemic world that's undergone **rapid technological change**, small businesses face a complex set of problems. Many predate the pandemic, like **managing cash flow**, while others are new, like **accessing new payment networks, fighting ransomware, and utilizing open banking data** for better, more consistent access to lending products.

This journey explores some of these challenges and how Mastercard is **helping small businesses solve them**.



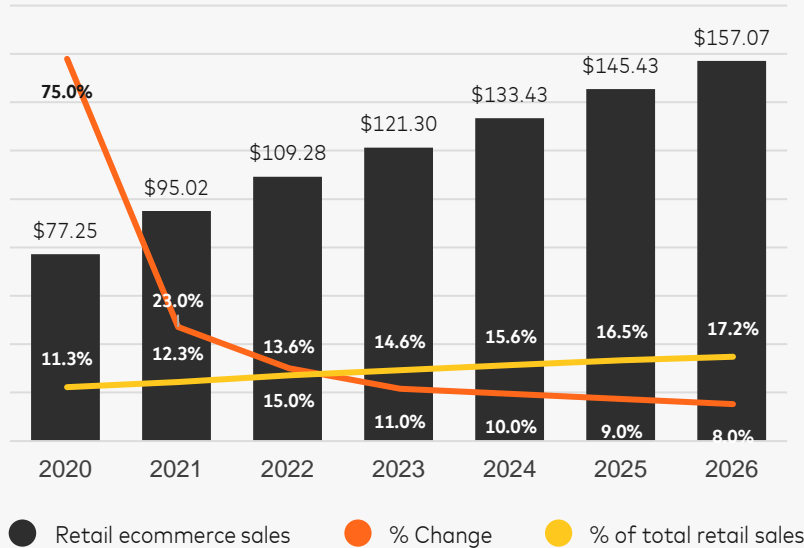
By working with **partners worldwide**, Mastercard can help improve **operational efficiency and maximize customer connections** through special offers on essential productivity and financial tools.



Canadian e-commerce growth is expected to hit multiple milestones

Retail Ecommerce Sales in Canada, 2020 – 2026

Billions of CA\$, % change and % of total retail sales



● Retail ecommerce sales ● % Change ● % of total retail sales

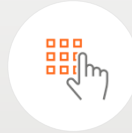


Digitization of payments continues to accelerate, and consumers continue to leverage new digital payment methods

New payment journeys, driven by the shift towards digital commerce, is creating new ways to bring the consumer purchasing journey to the next level



By 2025, Mobile payment users expected to increase to **125M**, a 24% increase from 2021².



71% of consumers say they have access to more ways to pay compared to 2020³



49% agree that they have tried new payment methods in the last year that they wouldn't have tried otherwise (e.g., mobile wallet, digital first card)⁴

1. US Ecommerce forecasts 2021, Insider intelligence, July 2021
2. US payment users will surpass 100 million this year, Insider Intelligence, March 2021
3. NAM Global Foresights, Insights & Analytics: Omnichannel & Emerging Payments Pulse Survey, 2021
4. Global Foresights, Insights & Analytics: Omnichannel & Emerging Payments Pulse Survey, U.S. 2021



Online experience for small business

Trends, threats,
best practices
and free resources



When most consumers checkout online, they often sacrifice convenience for security

Fraudsters are finding creative ways into digital environments

4x

Digital fraud is 4x that of physical fraud¹

While consumers value increased **convenience**, **security concerns** remain top of mind

 71%

of consumers agree that saving their payment card credentials makes it more convenient to make payments²

 87%

of consumers want assurance that the payment options offered to them are secure³

1. NuData Internal Analytics
2. Mastercard Credential on File Consumer Research, US, February 2021
3. Global Foresights, Insights & Analytics: Omnichannel & Emerging Payments Pulse Survey, U.S. 2021



Businesses are routinely faced with these four pain points and are challenged to find a checkout solution that addresses them all

Low conversion rates

69%

is the average cart abandonment rate across all industries, and \$260 billion worth of lost orders are recoverable through a better checkout experience.¹

Risk of losing customers due to false declines

33%

of consumers would never place an order with a merchant again if they were falsely declined during their first checkout.³

Increasing cost of fraud

\$3.60

is what U.S. e-commerce merchants (on average) now spend *for every \$1 of fraud committed* on their platforms. **This cost has risen by over 15% compared to the pre-COVID time period.**²

Cost of alternative checkout solutions

2-3%

plus an additional \$0.30-\$0.50 per transaction are costs charged by some alternative checkout solutions and digital wallets.⁴

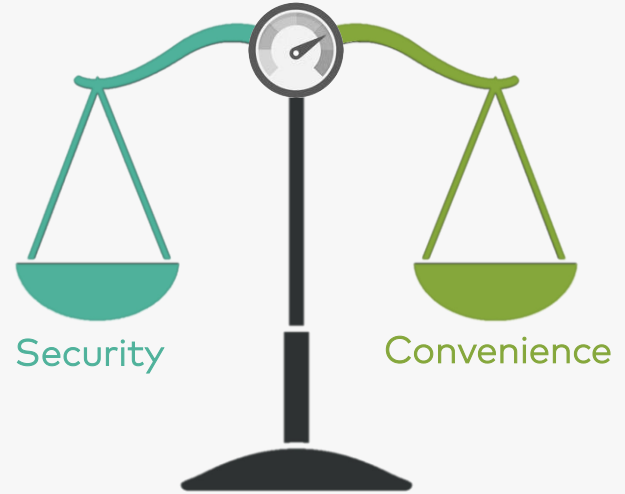
1. <https://baymard.com/lists/cart-abandonment-rate>
2. LexisNexis Risk Solutions, True Cost of Fraud Study, 2021
3. <https://www.bigcommerce.com/ecommerce-answers/what-are-false-declines>
4. Credit Suisse, Payments, Processors, & Fintech Report, 2021



REASON TO ACT

Striking the balance between **fraud mitigation** and an **optimal consumer experience** will allow you to address these challenges and seize the opportunity in the growing world of digital commerce to:

- ✓ Drive sales
- ✓ Retain customers
- ✓ Increase profitability per customer



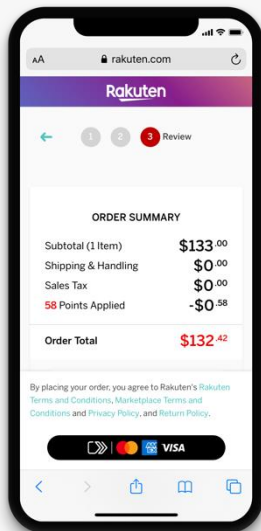
Focus on three key points to improve experience and reduce fraud



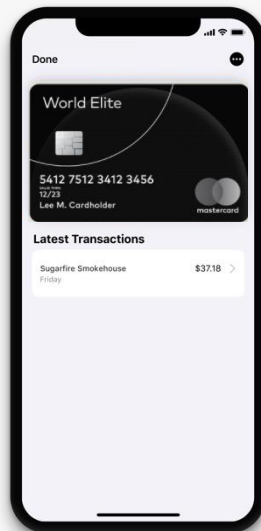
Understanding the landscape of various digital solutions will help business optimize their consumer experience

One-click guest checkout

Click to Pay

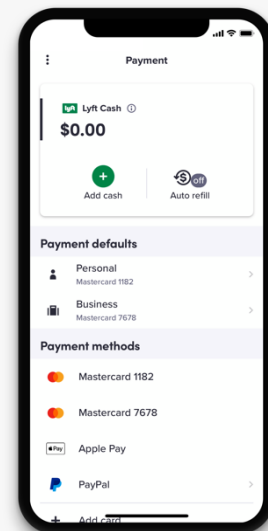


Apple Pay, Google Pay...



Checkout via consumer profile

Credential on File



Underpinned by
Tokenization & Authentication

Fast few clicks

Easy no password,
biometrics

Secured with tokens

Transparent know
what is being used



ONE-CLICK GUEST CHECKOUT

A fast, convenient and secure solution, embedded directly into current guest checkout flow, that makes online shopping a breeze

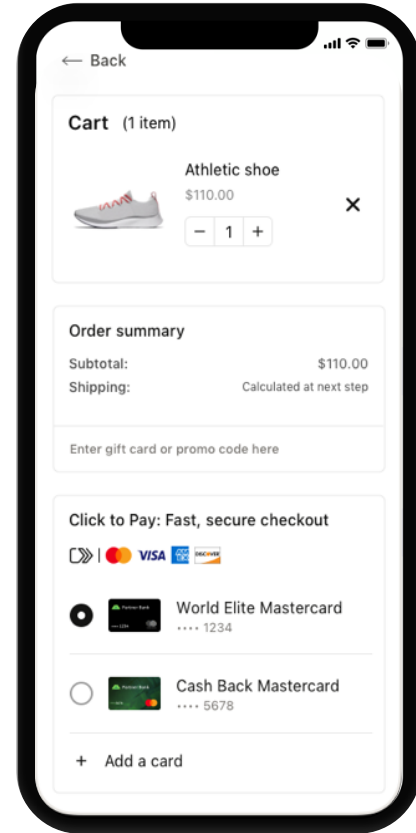


Digital wallets (such as Click to Pay, Apple Wallet etc) offers a simple and secure checkout experience, giving consumers instant access to their preferred cards on every device.



Designed to boost conversions, this improved checkout offers the latest security. It also removes friction that means consumers do not have to re-enter their name, address and card details

To leverage one-click checkout, connect with your merchant acquirer



Credential on file allows consumers to use their stored credentials for seamless purchase experience, especially for repeat customers or recurring transactions



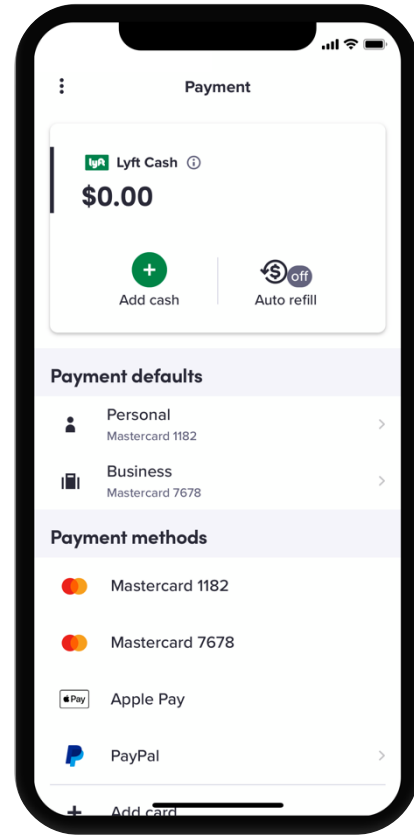
Consumers can store their information (name, address, card details etc) with the business for easy checkout



This method is fast gaining important and also allows business to understand their consumer behaviour (e.g. purchase patten etc). This also requires businesses to be PCI compliant



Credential on file can also be supported by tokenization



TOKENIZATION

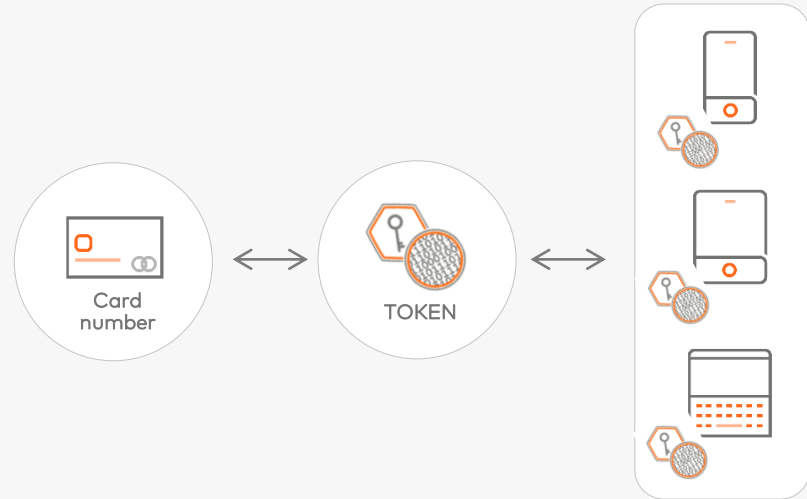
Tokenization helps prevent fraud and improve approval rates by ~3%

To leverage tokenization, connect with your merchant acquirer

*The tokenization standard is managed by EMVCo, including description of the payment tokenisation ecosystem, terminology definitions, key responsibilities, and defining each entities role within the ecosystem

What is tokenization

The process of replacing a card number with an encrypted surrogate value called a token



A woman is shown from the side, holding a tablet. The tablet screen displays the Mastercard logo (two overlapping circles, one red and one yellow) and the text "mastercard. ID Check". Her hand is positioned as if she is about to scan her fingerprint on the tablet. The background is a blurred indoor setting.

Authentication –

**Build trust & improve security without
sacrificing the customer experience**



Authentication Vs Authorization

Authentication:

Is this customer actually who they say they are?

Authorization:

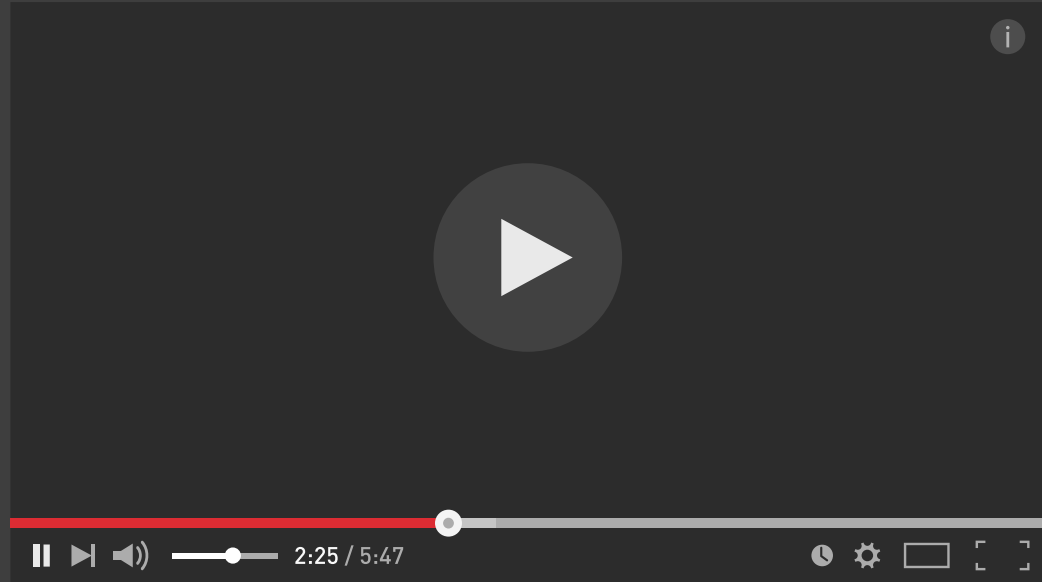
Should this transaction be approved or declined?



Authentication in Action



Let's watch a video that showcases how Mastercard can help a business increase approvals while minimizing fraud risk



Digital commerce is the new normal and securing this channel is more important than ever



Consumers

need trust and a smoother experience while transacting online



Business

want to avoid fraud and keep costs low while selling as much as possible



Authentication Benefits:



Gain transaction insights around your customers such as IP address, device used to make transaction, etc. that help you confirm if the customer is who they say they are



Avoid fraud losses and reduce operational costs



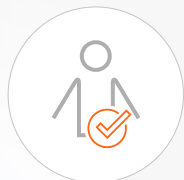
Provide trust to your customer while shopping online.



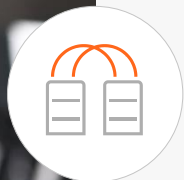
Connect with your payment provider to enable your business on Authentication



Summary of best practices and tips



- ✓ One click checkout can reduce cart abandonment rate
- ✓ Choose the checkout that best suits your business e.g. do you have many recurring transactions



- ✓ Tokenization is a process to replace card numbers with an encrypted surrogate value
- ✓ Tokenization can help improve approval rates – adding to increased revenue
- ✓ It will also reduce fraud and improve security



- ✓ Lack of authentication leads to higher costs and lost revenue for businesses
- ✓ Enabling authentication can reduce fraud
- ✓ Better authentication can also help reduce operational costs



Questions

