Why COVID-19 is Accelerating DIGITAL PAYMENT TRANSFORMATION, within the SELF BIOMETRIC Accessibility in KYC IDENTIFICATION?
VALOORES is one of the leading providers of Enterprise Business Solutions and BI Vertical Decision Making. We are a World Class Company implementing products and services to Tier1 Corp. Our resources pool is spread over North America (US and Canada), Europe (Eastern & Western), Africa, and the Middle East. VALOORES, established in 1989, operates in 17 countries.

Banking/Insurance
Retail/Supply Chain
Digital Government
Multimedia Comm.
Healthcare & Lab
V Business Academy

30 years+
Delivering:
in Time,
in Target,
in Scope,
in Budget,
in Quality,
DIGITAL PAYMENT … The International Regulators

**International Regulators**

- **European Central Bank**
  - The central bank for the euro and administers monetary policy within the Eurozone

- **World Economic Forum, Based in Cologny-Geneva, Switzerland**

- **United Nations**
  - Intergovernmental organization to maintain international peace, security, & achieve international cooperation

- **JPMorgan Chase & Co.**
  - Multinational Bank headquartered in NYC, ranked as largest bank in the US

- **Citibank**
  - The consumer division of Financial Services Multinational Citigroup

- **Committee on Payments and Market Infrastructures (CPMI)**
  - International Body Global Financial System

- **European Banking Authority**
  - Regulatory agency of the European Union headquartered in Paris

- **Financial Stability Board**
  - International Body Global Financial System

- **McKinsey & Company**
  - Management Consulting
  - Deloitte. Professional Services

- **Institute of International Finance (IIF)**
  - Global association or trade group of financial institutions (38 banks)

- **World Bank**
  - A family of five international organizations that make leveraged loans to developing countries.

- **Bank of International Settlements (BIS)**
  - Basel Committee on Banking Supervision

- **Committee on Payments and Market Infrastructures (CPMI)**
  - Bank for International Settlements

- **FINANCIAL ACTION TASK FORCE (FATF)** on Money Laundering
  - GAFI (French Name)

- **United States Department of the Treasury**
  - National Treasury of the federal government of the USA

- **World Economic Forum, Based in Cologny-Geneva, Switzerland**

- **JPMorgan Chase & Co.**
  - Multinational Bank headquartered in NYC, ranked as largest bank in the US

- **Citibank**
  - The consumer division of Financial Services Multinational Citigroup

- **Committee on Payments and Market Infrastructures (CPMI)**
  - International Body Global Financial System

- **European Banking Authority**
  - Regulatory agency of the European Union headquartered in Paris

- **Financial Stability Board**
  - International Body Global Financial System

- **McKinsey & Company**
  - Management Consulting
  - Deloitte. Professional Services

- **Institute of International Finance (IIF)**
  - Global association or trade group of financial institutions (38 banks)

- **World Bank**
  - A family of five international organizations that make leveraged loans to developing countries.
What are the Main Factors Accelerating Growth in the Payment industry? Economic Activity, Cross-Border Transactions, Cash, Platforms, Payment Fees

What are Advances in Technology, relevant to Payments & their application? APIs, Analytics, Biometrics, Cloud, Contactless, Digital ID, DLT, IoT

What are the Policy Responses on Facilitating the Use of Digital Payments? Regulators urging Consumers & Businesses to use Digital Payments

What is the role of the Regulators in Fintech: Challenges & Opportunities? Public / Private sector, Legal & Regulatory framework, ICT Infrastructures

How are the Technological innovation and Payments interconnected? Solutions Fintech offer to underpin Digital Payment Accessibility

What is the Digital Payment innovation spectrum, and what are the Solutions? Digital ID & Wallet, BLOCKCHAIN, MDG, Analytics, AML, Digital Micro Lending
COVID-19 Accelerating DIGITAL PAYMENT Transformation

Factors Accelerating Growth in Payment industry

Reduction in Economic Activity
Decline in Cross-Border Transactions
Migration from Cash Transactions to Digital Transactions
Increase in the use of Digital-Payment Platforms
Decrease in the Fees for Payment Services

Advances in Technology... Relevant to Payments

APIs underpin Payment Initiation
Big Data Analytics:
   Biometric Technologies
   Contactless Technologies
Digital Identification
Distributed Ledger Technology
Internet of Things

Policy Responses on Use of Digital Payments

Central Banks’ Measures:
Lowering/waiving the fees on instant payments
Encourage use of online purchases for essential goods and services

Risks and Pitfalls to Avoid:
Strong institutional, legal, and technical safeguards for data protection
<table>
<thead>
<tr>
<th>Role of Regulators in Fintech</th>
<th>Technological Innovation and Payments</th>
<th>Digital Payment Innovation and Solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public and Private Sector Commitment</td>
<td>&quot;Unstoppable&quot; Payments market is not immune to effects of the pandemic</td>
<td>The Digital Wallet &amp; Ethereum</td>
</tr>
<tr>
<td>Legal and Regulatory Framework</td>
<td>Reliance on Remote Banking &amp; Insurance, Payment Apps... the New Normal</td>
<td>BLOCKCHAIN</td>
</tr>
<tr>
<td>Financial and ICT infrastructures</td>
<td>Established players open for business... Demand for Online is on the rise</td>
<td>Digital ID</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Master Data Governance</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Payment Analytics</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Digital Micro Lending Services</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Financial Crime / AML System</td>
</tr>
</tbody>
</table>
VALOORES Financial Services

VALOORES plays an integral role in the Digital Payment, Risk management, & AML / CFT Life Cycle

VALOORES aligned its approach with Regulators

VALOORES is a Dominant Player, with a Competitive Advantage in the Payment, Risk, & COMPLIANCE Arena

VALOORES Financial Services
VALOORES FinTech, RegTech, & SupTech
Digital Payment Transformation

There is no Gain without Pain.
Based on a Solid Information Integrity

Our Architecture is based on the vbs “KERNEL”
for the inbound - outbound Publish - Subscribe

VALOORES DBRE,
Our 30 years Experience for the Dynamic Rule-Based Engine & the Predictive Analytics Based on a Solid Information Integrity MDM
Q1: What is the COVID-19 impact on central bank digital currencies, and what is their use case?

A1: Resilient and accessible central bank operated payment infrastructures, could quickly become more prominent, including retail central bank digital currencies (CBDCs). Such infrastructures would need to withstand a large range of shocks, including pandemics and cyber-attacks. In the context of the current crisis, CBDC has to be designed around access options for the unbanked, and (contact-free) technical interfaces suitable for the whole population. The pandemic may hence calls for CBDCs, into sharper focus, highlighting the value of having access to diverse means of payments, and the need for any means of payments to be resilient against a broad range of threats.
Q2: This question is around e-KYC & Digital Identity in The Time of COVID-19 and in the Post-coronavirus World: Why Biometrics, and how have they improved Fraud detection and Prevention?

A2:

Biometrics have vastly improved fraud detection and prevention. For a post-coronavirus world, the technology holds immense promise for certifying identities securely, and at a distance.

For the identity verification sphere, innovations in biometric sensing, are the next level of cyberthreat defense, as hundreds of millions of new accounts are opened around the world, now and throughout 2020, and COVID-19 relief money is disbursed.

A range of new biometric innovations are emerging around the world to help businesses and healthcare institutions tackle the effects of the COVID-19 pandemic. A facial recognition software is being used in China to diagnose potentially infected patients on smart healthcare buses. Efforts to tackle the pandemic are also being made in countries such as Japan, where technology providers have improved on their capabilities to use facial recognition technology on consumers that are wearing face masks as previously mentioned by Ziad.

Contactless payments were making good strides before the pandemic, with notably hard to explain exceptions like the low usage of mobile wallets. Now, it looks as if prudent germaphobia on a global scale will push contactless into a higher orbit as people avoid touching things like POS terminals.
**A2:**

*Digital transformation covers a lot of territory, but starting with identity verification makes practical sense as it enables modern companies to streamline the customer onboarding journey.*

*Similarly, for solution providers in the identity verification space, it has forced us to automate even more and leverage AI [artificial intelligence] to replace human-based processes.*

*Acknowledging the need for biometrics and AI-powered identity solutions has also triggered ethical discussions about how the technology can be abused by criminals, and even lawmakers.*

*Fingerprint scanning is undergoing its own difficulties thanks to COVID-19 as more people report being afraid of touching buttons now, even the one on their personal smartphone. Virtually no one seems to think that fingerprint biometrics will be a coronavirus casualty, however, count on the heavy investment to go towards contactless payments, biometric authentication, and a brave new world where it’s harder to fake an identity, or contract a deadly contagion.*
Q3: What’s the story of EU Signing Contract for Large-Scale Biometric Database to Enhance Border Security?

A3:
Well, that was announced about a week now.

The European Union Agency for the Operational Management of Large-Scale IT Systems has awarded a consortium of IDEMIA and Sopra Steria a contract for the delivery of a new shared Biometric Matching System (sBMS), an important part of the EES, the Entry/Exit System. That is intended to pull together a database set to replace passport stamps and enhance border security in EU.

The duration of the contract is, four years, and extendable for up to six years.

This new shared Biometric Matching System will be one of the largest biometric databases in the world, containing information for over 400 million third-country nationals, including fingerprints and facial images. It will also protect external borders on the long term, helping in the fight against irregular immigration and trans-border crimes.
Q4: How is Payment shifting, and how is Fraud impacting e-Commerce and Online Banking?

A4:

Relatively speaking, e-commerce is booming. Adoption of online ordering of groceries, restaurant take-out, health supplies, and other goods have increased dramatically. This is not limited to those who are already tech-savvy. Older generations are embracing mobile purchasing out of necessity.

Restaurants, local merchants, and others are adding remote commerce options seemingly overnight with regulators and government entities granting exemptions to what was once a physical transaction only.

Consumers are expressing a broad desire for contactless payments in-store, following the advice from health professionals.

- Visa/Mastercard have raised transaction limits for contactless payments
- Apple Pay, Samsung Pay, Google Pay and other wallet apps are likely to experience increased rates of adoption

Conversely, the use of cash is declining to reduce physical interactions with paper money and cashiers.
A4: Now Fraud is surging in e-Commerce and online Banking

- Security firms are recording huge spikes, with at least one firm reporting a nearly 700% increase in phishing attacks globally since the beginning of March.

- Some attacks are disguised as legitimate correspondence from trusted organizations such as the World Health Organization and the National Health Service, offering advice, selling facemask protection, and soliciting charitable donations.

- A spike in social engineering attacks will likely follow.

- Transaction fraud is also on the rise as businesses have seen a nearly overnight shift in transaction volume online, and many of these businesses don’t have the defenses in place to score and identify fraudulent transactions.
Q5: How is the Money Transfer Industry (Western Union and Moneygram) coping with the Crisis?

A5:
As we mentioned earlier, while established players such as Western Union and Moneygram remain open for business, heading down to a bricks-and-mortar office has become significantly less attractive during lockdown.

Despite an upsurge in payment volumes, money transfer companies are facing difficulties in delivering payments. In some countries such as Argentina, the Philippines and Senegal, cash pick-up facilities are closed, while in many other markets opening hours have been cut back dramatically.

That said, regulators are green-lighting innovations based on a joined-up thinking with Financial Institutions, to help keep money flowing. The International Chamber of Commerce (ICC) recently reported a rapid acceleration of digital solutions, such as the use of electronic signatures, blockchain-based solutions and automated processing. We’re mostly looking into mobile payments systems and digital wallets.

With SMEs in emerging economies facing a serious liquidity crisis, the ICC is calling on governments to speed the shift to digitalization, including payment of emergency business relief packages via non-cash means.
Q6: You’ve previously mentioned advances in technology that’s relevant to payments, technology such as APIs, big data analytics, biometric technologies, cloud computing, contactless technologies, digital identification, distributed ledger technologies and the internet of things. Would you please detail more the use of payment-related big data analytics, biometrics, and contactless technologies?

A6:

Big Data Analytics

On the other hand, banks have faced constraints in their ability to analyze customers’ financial data across different business areas within the same institution, let alone in augmenting the information with external data. However, this is changing: increasingly, banks and other PSPs are adopting big data analytics. In Europe, 64% of financial institutions have launched big data analytics and only 2% do not have any related activity at all, while the remainder are in the discussion, development or piloting stage.

Big data analytics can support the onboarding of new customers through screening processes (eg by providing information required for KYC, checking different spellings of a name against sanction lists, and making predictions about a person’s creditworthiness). Big data can thereby help improve the precision of real-time approvals and reduce the number of false rejections. For the purpose of authenticating and authorizing existing customers, big data analytics can leverage a variety of granular data.
Throughout the transaction process, big data analytics is leveraged for risk mitigation and to detect and prevent fraud and other malicious activities. Furthermore, natural language processing can help provide a personalized, conversational, and natural experience via chatbots and robo-advisers that can give advice, address customer complaints or improve self-service interfaces.

**Biometric Technologies**

Biometric data are considered to be highly sensitive, and the highest security standards are essential when processing and/or storing them.

Illiterate end users can be offered a better user experience, facilitating adoption of financial services. Depending on the use case, different biometric features or combinations might be applied. Biometric characteristics can also be among the proof-of-identity requirements for the registration and activation of SIM cards to access mobile financial services.

**Contactless technologies**

As we previously mentioned, Contactless technologies facilitate the acceptance of payment instruments at the point of sale.

When an end user initiates a payment transaction at the point of sale via contactless technologies, the user’s device communicates with the POS terminal eg via radio frequency identification (RFID) or near field communication (NFC). However, the concept of “contactless” extends beyond that of RFID and NFC and also includes other technologies, eg Bluetooth low-energy (BLE) and QR codes. Contactless technologies are instrumental to electronic wallets. More specifically, tokens used in payments are a disguised representation of underlying sensitive payment data like the data that can be leveraged to carry out fraud, such as transaction account or payment card numbers, with the ultimate objective of protecting the underlying accounts.
You have the Values,
We bring you the Added Values,
It’s

COVID-19 Accelerating DIGITAL PAYMENT Transformation

VALOORES bridging the World’s Financial Institutions & Financial Regulators with the COVID-19-related DIGITAL PAYMENT TRANSFORMATION & ACCELERATION

VALOORES Digital ID, Digital Wallet, BLOCKCHAIN, Master Data Governance, Analytics, AML, Anti Fraud, Digital Micro Lending

Over 30 years of Successful Deliveries
déjà!
valoores.com