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CURRENCE PROFILE

Currence is the owner of the Dutch uniform payment products iDEAL, Acceptgiro, Incasso (in 2015, exclusively lottery direct debit), and eMandates.

Currence’s aim is to facilitate competition and increase transparency in uniform payment systems in the Netherlands, while maintaining high standards of quality, efficiency and security of the uniform payment products.

In dialogue with all interested parties, Currence sets objective rules for its payment products. It issues licences and certificates to established players in the market and new market entrants that comply with these rules and wish to offer Currence payment products in the market or to provide support services. To ensure the quality and security of its products, Currence supervises market parties’ compliance with its rules and regulations. It also works closely with all interested parties to prevent fraud. Currence provides public information and brand promotion, also based on market research, and positions its payment products as secure, convenient and efficient.

The payments market is a dynamic one. The pace of internationalisation and technological development is high. Changing markets and customer requirements are the basis for the policy and the further development of Currence payment products. The establishment of the Single Euro Payments Area (SEPA) has resulted in outdated national products being largely replaced by European variants. The development of new payment methods has also led to the introduction of new national products.

Currence is an autonomous organisation with governance that ensures its independence. Currence was formed in 2005 as a result of an initiative by eight Dutch banks, prompted in part by the recommendations of the Wellink Commission in 2002 to promote greater transparency and competition in payments. The formation of Currence created a new market model in Dutch payments, in which product ownership and regulation are separated from transaction processing.
ORGANISATION & KEY FIGURES 2016

BOARD MEMBERS

Executive Board
Drs Piet M. Mallekoote

Supervisory Board

<table>
<thead>
<tr>
<th>Name</th>
<th>born</th>
<th>function</th>
<th>appointed</th>
<th>steps down</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr Rien Hinssen</td>
<td>1956</td>
<td>Former member of the Executive Board of SNS REAAL</td>
<td>2014</td>
<td>2018</td>
</tr>
<tr>
<td>Drs Sjors Kruiper</td>
<td>1959</td>
<td>CFO Royal Fruitmasters Group</td>
<td>2015</td>
<td>2019</td>
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CURRENCE HOLDING B.V. AND SUBSIDIARIES

*Currence Incassomachtigen B.V. added to the Holding as of January 1st 2016
### IDEAL LICENSEES AND CERTIFICATE HOLDERS

<table>
<thead>
<tr>
<th>Institutions</th>
<th>2015</th>
<th>2016</th>
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<tbody>
<tr>
<td>iDEAL Licensees</td>
<td>13</td>
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<tr>
<td>iDEAL Certificate Holders</td>
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### ACCEPTGIRO LICENSEES AND CERTIFICATE HOLDERS

<table>
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<td>Acceptgiro Printers</td>
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<td>Acceptgiro Service Bureaus (printed)</td>
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<td>Acceptgiro Service Bureaus (digital)</td>
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### INCASSO LICENSEES AND CERTIFICATE HOLDERS

<table>
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<td>eMandates Certificate Holders</td>
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<td>eMandates Accredited Parties</td>
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KEY FIGURES IDEAL

**iDEAL transactions**

<table>
<thead>
<tr>
<th>Year</th>
<th>Transactions (million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
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</tr>
<tr>
<td>2011</td>
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</tr>
<tr>
<td>2012</td>
<td>117.22</td>
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<td>180.21</td>
</tr>
<tr>
<td>2015</td>
<td>222.06</td>
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<tr>
<td>2016</td>
<td>283.00</td>
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</table>

**iDEAL transaction turnover in euro**

<table>
<thead>
<tr>
<th>Year</th>
<th>Turnover (billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>4.98</td>
</tr>
<tr>
<td>2011</td>
<td>6.87</td>
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<tr>
<td>2012</td>
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<tr>
<td>2015</td>
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</tr>
<tr>
<td>2016</td>
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</tr>
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KEY FIGURES ACCEPTGIRO

**Acceptgiro transactions**

<table>
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</thead>
<tbody>
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<tr>
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<td>122.10</td>
</tr>
<tr>
<td>2014</td>
<td>30.03 million*</td>
</tr>
<tr>
<td>2015</td>
<td>23.98 million*</td>
</tr>
<tr>
<td>2016</td>
<td>19.00 million*</td>
</tr>
</tbody>
</table>

* This only concerns printed Acceptgiro’s

**Acceptgiro transaction turnover in euro**

<table>
<thead>
<tr>
<th>Year</th>
<th>Turnover (billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>61.22</td>
</tr>
<tr>
<td>2011</td>
<td>62.03</td>
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<tr>
<td>2012</td>
<td>63.42</td>
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<td>2013</td>
<td>49.83</td>
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<tr>
<td>2014</td>
<td>**</td>
</tr>
<tr>
<td>2015</td>
<td>**</td>
</tr>
<tr>
<td>2016</td>
<td>**</td>
</tr>
</tbody>
</table>

* Since the introduction of SEPA, Acceptgiro payments are processed as SEPA Credit Transfers and are therefore indistinguishable from normal giro transfers.
The Supervisory Board advises the Executive Board and monitors its policy in the interest of the company and the individual payment-product companies. The Supervisory Board takes account of the interests of all stakeholders in this regard.

The Supervisory Board met on five occasions in 2016. Discussions during the meetings included developments concerning the existing Currence products and products that will be transferred to Currence. The Board is pleased to note that the reorganisation of the financial administration has indeed resulted in both quality improvements and cost savings.

We hereby present to the General Meeting of Shareholders the company’s Annual Report and Account for the financial year running from January 1st 2016 until December 31st 2016.

The Annual Account was prepared by the Executive Board and, after being audited by BDO Accountants, was discussed by us with the Executive Board.

We ask the General Meeting of Shareholders to adopt the Annual Account in accordance with the Executive Board’s proposal.

The results excluding participations amounts to nil. In accordance with the Executive Board’s proposal based on the statutory provisions, we propose not effecting any profit appropriation.

The results of the product companies Acceptgiro B.V. and Currence Incassomachtigen B.V. will be added to the other reserves of the relevant companies.

A proposal was also made to the General Meeting of Shareholders of Currence Holding B.V. to add the dividend distributed by Currence iDEAL B.V. in the amount of 0.45 million euros to Dividend Reserve F, which was set up especially for this purpose, and to distribute this amount to the relevant shareholders where applicable, after deducting dividend taxes. The remainder of the results from Currence Holding B.V. will be added to the company’s other reserves.

The Supervisory Board would like to express its appreciation for the way in which the Executive Board and the staff have carried out their responsibilities.

We request that the General Meeting of Shareholders ratifies the Executive Board’s conduct of the company’s affairs in 2016, as well as the supervision exercised by our Board.

Amsterdam, April 25th 2017
On behalf of the Supervisory Board,

Rien Hinssen, Chairman
GENERAL DEVELOPMENTS

In 2016, the payment system once again exhibited major dynamics. This was due to new regulations, technological developments and changes in factors relating to supply and demand.

The revised European Payment Services Directive entered into effect in January 2016. It will be implemented in Dutch legislation within two years. The directive provides for a new type of services, payment initiation and account information services that licensed third parties can offer to account holders. Account-holding payment service providers, including banks, are obligated to provide these third parties with access to the payment accounts of their clients, after these have granted consent for this purpose. To ensure the security of these new services, the European Banking Authority (EBA) has established secondary legislation in the form of regulatory technical standards (RTS). These standards are intended to specify rules for secure client authentication and secure communications between these third parties and account-holding payment service providers.

In February 2017, the final draft RTS were submitted to the European Commission (EC) and the European Parliament. Adoption is expected in the second half of 2017, and they will take effect 20 days after their publication in the Official Journal of the EU. All payment service providers will be required to comply with the RTS 18 months thereafter (thus in the spring of 2019 at the earliest). With these regulations, the EC intends to make online payments easier, faster and more secure for consumers, in addition to promoting innovation and competition. In 2016, the process surrounding the establishment of the RTS and the EBA’s market consultation on the proposed RTS was a point of profound concern for market parties. A reaction to the market consultation was also issued from Currence. Although a fast, secure and user-friendly payment method has existed in the Netherlands for many years in the form of iDEAL, Currence is now considering adapting the use of iDEAL to these new European options. This will enable licensees and certificate holders to offer these new services more easily. Discussions are being held with the parties involved.
Technological developments accelerated the payment system further in 2016. A few Fintech companies and a number of banks introduced applications in which ‘person-to-person’ payments are credited to the beneficiary’s account within seconds. In most cases, iDEAL is used for this purpose. To make this possible, we adapted the regulations for iDEAL for this purpose in 2016. These new applications anticipate the overall acceleration of the infrastructure of the payment system in the Netherlands in early 2019, which will make it possible for beneficiaries to receive payments within five seconds, 24 hours a day, 365 days a year. In the current situation in the Netherlands, ordinary transfers are already credited to the receiver’s account within a few hours during the opening times of the European payment systems. Longer opening times for the European payment systems and a new payment infrastructure will contribute to meeting social needs that generally appeal to the demand for more speed.

In 2016, factors relating to supply and demand further stimulated digital payments. Payments became even more user-friendly, customers’ wishes led to the development of new applications such as mobile wallets, and new payment institutions entered the market. This provided consumers and merchants with more choice. The online market is increasingly shifting towards the mobile channel and, in 2016, consumers used their bank apps more frequently. In addition, they more frequently combined online and in-store shopping to achieve their ideal retail experience. These developments will continue in the coming years.

NATIONAL PAYMENT PRODUCTS

Under the influence of the developments mentioned above, the use of iDEAL once again increased strongly. With growth of 27%, this increase was even higher than in any of the preceding four years. The share of iDEAL payments settled by smartphone increased greatly as well. At the end of 2016, 40 of every 100 iDEAL payments were settled by mobile telephone (end of 2015: 23%). The introduction of the iDEAL QR code in mid-April during the Hartstichting charity appeal attracted considerable press coverage. The positive experiences obtained in a subsequent pilot project led to a decision in late 2016 to implement the QR code nationally. The QR code can be used in a broad range of payment situations, in print on invoices, through websites and in the physical environment (e.g. in restaurants).

In 2016, eMandates were introduced to the market as a separate product. This facility enables consumers to authorise a direct debit transaction through a digital signature in a secure and familiar way. This form of authorisation is an alternative to the printed form, and it serves as a replacement of the ‘I agree’ checkbox that consumers can tick on a website to indicate their
consent to the direct debit. The use of such consent boxes places payees at risk that, in case of dispute, consumers could have payments reversed by banks during a period of 13 months.

In 2016, the use of the Acceptgiro payment product decreased further. In 2012, the National Forum on the SEPA migration stated its expectation that the Acceptgiro would not continue to exist beyond January 1st 2019. Given the relatively high number of paper Acceptgiro forms that are still used, a decision was taken in early 2017, at the request of the consumer organisations, to continue operating the Acceptgiro for several years after this date, while proceeding with efforts to discourage its use. End users will remain closely involved in monitoring the course of the Acceptgiro and its ultimate phase-out.

In the year under review, the Dutch direct debit was definitively discontinued with the expiration of the exemption for Lottery Direct Debits. As of February 2016, these payments have been based on the European direct debit.

### DIGITAL IDENTIFICATION AND AUTHENTICATION

Socially, the greatly increased digitisation is leading to a growing need for reliable online identification. To address this need, in 2015, several banks cooperated with the Dutch Payments Association and Currence to establish a new online identification and authentication service based on the iDEAL protocol. After a successful pilot project, iDIN was presented to the market in late 2016. iDIN enables private account holders to confirm their identity online and log in to participating organisations (i.e. merchants) using the trusted log-in facilities of their own banks. Immediately after the market introduction it became evident that there was considerable interest in iDIN, which will be incorporated into Currence as a separate product in 2017.

### CURRENCE ORGANISATION

In 2016, Chipknip BV, CeaNet BV and Currence Incasso BV were liquidated. A decision was taken to add iDIN to Currence as a separate company in 2017. To this end, the Dutch Payments Association, which developed iDIN, will sell iDIN BV to Currence. The open and transparent participatin model of Currence allows market parties that meet the specified conditions to obtain a licence or certificate. With this licence or certificate, market parties will be able to offer iDIN to end users (private parties and merchants), based on their own commercial propositions. We have high expectations for this in 2017.
FINANCIAL RISKS

Currence has limited exposure to financial risks. With regard to liquidity risk, Currence has a fixed amount of permanently available resources at its disposal. In view of Currence’s licensees and certificate holders (banks and payment institutions), the credit risk is limited. The temporary credit facility that was issued to Betalingsverkeer Services B.V. in 2015, was terminated in 2016.

RESULTS FOR 2016 AND OUTLOOK FOR 2017

The consolidated financial statements of Currence contain the financial data of Currence Holding B.V. and its group companies. The financial policy is aimed at cost efficiency. Currence has a limited profit objective. Its policy is primarily aimed at continuity, and it operates within the framework of competition laws. In the year under review, Currence achieved a net result of 0.845 million euros, despite the reduction of the iDEAL transaction fee. At the end of 2016, the consolidated balance sheet total amounted to 17.321 million euros, while shareholder’s equity 15.258 million euros.

The financial policy of previous years, which is based on cost-efficiency, will be continued in 2017.

Amsterdam, April 25th 2017

Piet Mallekoote
Chief Executive Officer
CURR E N C E  P R O D U C T S

IDEAL: CONTINUED STRONG GROWTH IN ONLINE PAYMENTS

In 2016, Dutch consumers made more than 173 million online purchases amounting to a total of 20.16 billion euros, an increase of 23% from 2015 in online spending on goods and services. Research into consumer online expenditure from Thuiswinkel.org\(^1\) revealed that 7.2% of all purchases in the market were made through this channel in 2016. According to this study, almost everyone occasionally makes purchases online. In 2016, 13.23 million Dutch people aged 15 years and older had made a purchase online. This amounts to 95% of the Dutch population in that age category.

According to Statistics Netherlands, the rising number of online shoppers in the Netherlands is mainly made up of people aged 65 years and older. Between 2012 and 2016 internet use in the age category 75+ increased to 61%. Within this group, 60% also reported making online purchases. Online shopping has become accessible to everyone.

In the coming years, the growth of internet purchasing is expected to come from increases in online expenditures by online shoppers. Results from a study conducted by Ecommerce Europe indicate that there is still ample room for growth in the Netherlands, relative to other European countries. The online expenditures of consumers in the Netherlands are trailing behind other European countries. In 2015, for example, consumers in the United Kingdom spent almost three times more on online purchases (€3,600) than Dutch consumers (€1,242). An overview of online purchases per consumer in 2015 is included in the DNB Bulletin of February 23rd 2017.

\(^1\)Thuiswinkel Homeshopping Market Monitor conducted by GfK
Only time will tell whether Dutch people will become as active in online shopping as the British. According to a study conducted by GfK\(^2\) the store density in the Netherlands is the second highest in Europe, after Austria. In the Netherlands, there is an average of 1.67 m\(^2\) of retail space for each inhabitant. In addition, with more than 409 inhabitants per square kilometre, the population density of the Netherlands exceeds that of Great Britain (265.7 inhabitants per km\(^2\)). In the Netherlands, stores are thus relatively close to consumers. The short physical distance to stores lowers the bar for purchasing offline. Time will tell how popular online shopping will become in the Netherlands.

According to Statistics Netherlands, in recent years, the number of online retailers has increased by 8% to 33,710. Currence iDEAL B.V. has conducted a study amongst these online retailers. This shows that the average number of payment methods offered by these online retailers has increased in the past three years. Dutch online shops offer an average of 3.9 different payment methods. For members of Thuiswinkel.org, the figure is even 6.2. Together with credit transfers, iDEAL is the most accepted payment method. No fewer than 80% of all online retailers in the Netherlands offer both payment methods. Almost all major online retailers offer iDEAL\(^3\). Acceptance of PayPal (48%), credit cards (21%) and Afterpay (4%) remained unchanged last year.

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\(^2\) Source: GfK (ACROSS-European Retail in 2015)

\(^3\) Payment options for online retailers 2016, BOOM market research on behalf of Currence iDEAL B.V., January 2017
USE OF IDEAL GROWS FASTER THAN IN 2015

The number of iDEAL payments rose sharply again in 2016. The growth rate exceeding 27% (2015: 23.2%), is higher than it has been in the past four years. In total, 283 million payments were successfully processed through iDEAL. See diagram.

On King’s Day, May 27th 2016, the billionth iDEAL payment since the introduction of iDEAL in 2005 was made, at pizza company New York Pizza. By the end of 2016, the total number of iDEAL payments had increased to 1.2 billion. In addition to its use in eCommerce, the success of iDEAL is due in part to increasing use in non-eCommerce. For example, people use iDEAL to top up service credits (e.g. for cell phones), to pay invoices, to pay for government services and public transport, and to make donations. According to an estimate by Currence, 47% of all iDEAL transactions are made outside the context of eCommerce.

Of the 283 million iDEAL payments in 2016, 98 million (35% of the iDEAL volume) were made to Dutch online retailers. Purchases on foreign websites accounted for more than 18% of all iDEAL payments.

The iDEAL volume is expected to continue growing in 2017 as well. This is in part because the online payment market as a whole is still growing, and also because of the introduction of new applications with iDEAL. Paying with iDEAL QR and the possibility for consumers to make payments to each other using iDEAL will create growth in the number of transactions.

In 2016, iDEAL payments amounted to a total of €23.7 billion, representing an increase of 31% over the previous year (2015: €18.1 billion). In 2016, the average amount per transaction was €83.79. In 2015, this was €81.39.
IDEAL MOBILE TAKES OFF

Since 2015, the vast majority of consumers have been able to make iDEAL payments using their mobile banking app with a PIN code, without a separate security check (for example, using a token and debit card, or a TAN code). This makes iDEAL suitable for widespread use and new user friendly mobile applications. The market took advantage of this in 2016. According to the eCommerce Payment Monitor, 25% of online purchases made in 2016 were settled using a mobile device (tablet or smartphone). The share of iDEAL transactions paid through mobile banking apps increased by 15% to reach 38%.

The use of iDEAL mobile is higher than the use of mobile devices in eCommerce. Since 2016, ING, bunq and the Volksbank (with its labels SNS, ASN Bank and RegioBank) have been offering the possibility of transferring an iDEAL transaction from a computer screen to the mobile device. Once consumers have opted to pay with iDEAL, they are routed to the bank’s login screen. A QR code is displayed on that screen. By scanning the code with the scanner in the mobile banking app, the payment authorisation can be completed through the mobile device, in the app. Because of this development, the number of iDEAL mobile transactions exceeds the number of mobile online purchases.

The high success rate of iDEAL mobile transactions underscores that the iDEAL mobile flow proceeds more smoothly than the regular iDEAL flow. At nearly 93%, this exceeds the average success rate of transactions on laptop of desktop computers (87%) by more than 7%. This is likely due to the fact that, in the mobile flow, only the mobile PIN code is needed in order to make the payment. Online retailers and consumers can benefit from this observation.

CONSUMERS CAN EASILY MAKE PAYMENTS TO EACH OTHER WITH IDEAL C2C
As of 2016 iDEAL can be used for C2C (consumer-to-consumer) payments. Until recently, consumers mostly used cash for C2C payments. Various providers have since started to facilitate digital payments between consumers, such as ING, ABN AMRO with the Tikkie-app and Florin4. Consumers can reclaim money from each other with mobile payment requests. The consumer can send a payment request using WhatsApp or other messaging services. The payer is transferred to a payment page mentioned in the request, where the amount can be paid with iDEAL. This can help to reduce cash transactions between consumers. Moreover, consumers collect less cash that they will want to disburse at sales counters, enhancing both security and efficiency in shops.

In 2016, the Rules & Regulations for iDEAL were updated to allow for C2C-payments. As a result, Currence can continue to guarantee the security and convenience of iDEAL. MediaMedics was the first payment service provider with accreditation for iDEAL C2C-payments. For Petbnb.nl, a dog-walking service, MediaMedics developed a solution for paying the dog-sitter using iDEAL.

IDEAL QR IMPLEMENTED NATIONWIDE

Another iDEAL-innovation in 2016 was iDEAL QR. This new application was developed in response to omni-channel developments, making it possible to use iDEAL in offline environments as well. Customers can use iDEAL QR to make iDEAL payments on the road, by scanning an iDEAL QR code with a smartphone or tablet. For merchants, the advantage is the ability to offer an additional payment instrument, particularly when other electronic means of payment are not available or as a supplement to other payment instruments.

iDEAL QR was launched during the Hartstichting’s nationwide collection in mid-April 2016. It was subsequently tested by a number of online merchants over the summer. Positive results from this trial led iDEAL licensees to confirm that they would integrate iDEAL QR in their mobile banking apps in 2017. This will allow consumers to use their banking apps to pay through iDEAL QR codes.

4 Rabobank recently launched Ipayou, an app with which consumers can easily make payments to their mobile telephone contacts. It works exactly the other way round to payment requests.
In addition, licensees will make it possible for their business customers to add iDEAL QR codes to their own iDEAL applications. Any iDEAL merchant will then be able to add the iDEAL QR code as a payment method. The greatest advantage is that iDEAL QR can be used as a payment instrument in any channel, on a screen, on paper and in any place where a consumer wishes to make a mobile iDEAL payment. Once a consumer has scanned the iDEAL QR code, the payment is completed as fast, secure and familiar as a regular iDEAL mobile payment.

**PROVIDERS OF IDEAL**

In the year under review, bunq joined as an issuing licensee. This brought the number of iDEAL issuers to eight. RBS terminated its iDEAL acquiring licence, as it is no longer involved in providing payments in the Netherlands.

In the year under review, seven certificate holders (CPSPs) were added. This brought the total number of certificate holders to 60. Nearly 87% of iDEAL merchants have concluded an iDEAL contract with a CPSP (2015: 73%). In total, there were nearly 80,000 active iDEAL contracts at the end of 2016.

The CPSPs are very important to iDEAL, as they allow foreign eCommerce companies to offer iDEAL as a payment instrument to Dutch customers. For Dutch consumers, iDEAL is a customary, reliable and secure payment instrument. Dutch consumers can now pay with iDEAL in about 50 countries.

CPSPs process 51% of the total number of iDEAL transactions (2015: 58%). In terms of turnover (value of the iDEAL payments), the share of CPSPs is lower (39%). Apparently iDEAL licensees serve merchants that generate higher value transactions.
The stability of the iDEAL payment chain is of great importance to Currence and its licensees and certificate holders. For this reason, constant attention is paid to the availability of this chain. Individual disruptions in the iDEAL system on the part of licensees and certificate holders have a direct impact on merchants and consumers in eCommerce, as well as in other sectors.

Since 2016, the Financial Supervision Act has imposed availability requirements on ‘time-critical payment orders’. This provision refers to payment orders for which the payment will be credited to the beneficiary within the expected time, after approval by the debtor. This includes iDEAL payments, although the creditor does not immediately receive the money, but receives a guarantee that he will be credited at a later time. According to the Financial Supervision Act, licensees of iDEAL are required to meet the specified availability standards. De Nederlandsche Bank has established a path of growth for these standards: by the end of 2016: 99.64%, by the end of 2017: 99.76% and by the end of 2018: 99.88%.

In 2016, the standard was 99.5% availability per month during prime time (from 6:00 to 0:30). The iDEAL merchant banks (acquirers) easily met this standard, with an average availability of 99.95%. For consumer banks (issuers), the standard was more challenging. In 2016, their average availability was 99.66%, and thus only slightly above the standard. See diagram. During non-prime time (from 0:30 to 6:00), acquirers and issuers met the specified standard of 98.5%.

Given the increasing availability standards until 2018, licensees will need to put additional effort in perfecting their iDEAL systems in 2017. This effort involves increasing the redundancy within the iDEAL chain, increasing the independence of the internet-banking and mobile-banking chains, and reducing the length of disturbance processes. Currence expects that this will increase the average availability of iDEAL in the coming period.
EMANDATES: ISSUING VALID ELECTRONIC DIRECT DEBIT MANDATES

In May 2016, all participating banks made eMandates available throughout the market. There are two types of eMandates: standard eMandates, which are targeted at private individuals, and business eMandates for use in the business-to-business market.

The eMandate product enables customers for the first time to issue legally valid electronic direct debit mandates to payees for making periodic or one-off direct debit payments from their current accounts. A paper based signature is no longer needed. The consumer or business customer issues the eMandate online via the trusted internet or mobile banking facilities of their own bank, in the same manner as iDEAL payments. eMandates are secure, fast and easy to use.

eMandates allow corporates to be certain that the eMandate was signed by an authorised party, that it will be recognised by the bank in case of dispute and that the account number for the direct debit is correct. Moreover, they need not be concerned about the risk that customers will have payments reversed up to 13 months after the direct debit. The eMandate limits this risk to eight weeks, as provided in the European Payment Services Directive (PSD).

In the use of business eMandates, in addition to the ability to issue and process the mandate in a completely digital manner, the mandate is automatically registered at the Debtor bank. The payer and the payee no longer need to take any further action to complete the registration process. This saves time and reduces the likelihood of entry errors. It ensures that more business mandates will be processed successfully.

In 2016, the Dutch Payments Association focused its attention on connecting participants. These efforts have paid off. Licences have been issued to seven Creditor Institutions that offer eMandates to business customers, and to six Debtor Institutions that authorise their private customers to issue eMandates. 25 Mandate Service Providers in total have been accredited. These organisations arrange the technical integration of creditors with the various Credit Institutions.
Over 200,000 eMandates were issued by 128 payees in 2016. Examples include the University of Groningen, which allowed its students to issue eMandates for the payment of Bonchef, an online reservations system for restaurants, and their tuition fees.

Historically in the Dutch market, the online ‘I agree’ checkbox is an important means of allowing consumers to authorise direct debits. Although this practice is widespread, it does not generate a mandate that is recognised by the Debtor bank. For this reason, and at the initiative of the National Forum on the Payment System (Maatschappelijk Overleg Betalingsverkeer, or MOB), a working group comprising the various market parties has been established. This working group is intended to arrive at an unambiguous assessment framework for secure electronic direct debit mandates, focusing on consumers. We anticipate that this initiative will lead to further growth in the use of eMandates, since this is the only product that is in full compliance with the applicable rules in the European SEPA Direct Debit Rulebook for electronic direct debit mandates.

In 2017, both merchants and payers will be encouraged to make greater use of digital eMandates. Payers will be actively informed about the possibilities of using eMandates to issue direct debit mandates securely, quickly and easily.

**DIRECT DEBIT: PHASE-OUT OF NATIONAL DIRECT DEBITS NOW COMPLETE DUE TO END OF LOTTERY DIRECT DEBIT**

The entry into force of SEPA signalled the end of the Dutch direct debit payment product Incasso. As specified in the SEPA Regulation, as of August 1st 2014, direct debits will only be processed via European direct debit (SDD). However, DNB offered an exemption for the Dutch Lottery Direct Debit until February 1st 2016. This extension of the termination date allowed Dutch lottery payees more time to adjust to the new situation, whereby payers can reverse payments within a period of eight weeks (56 days). As of February 1st 2016, this group has also been using standard European direct debits and national direct debits were definitively terminated.

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5 Formal name: Recurring direct debit for lottery participation
ACCEPTGIRO: DECREASE CONTINUES

The decreasing trend in the number of Acceptgiro transactions processed, which has been observed for years, continued again in 2016, with a total of 19 million printed Acceptgiros\(^6\) processed (a decrease of 21% relative to 2015). The decrease is due primarily to payees and consumers switching to more efficient payment methods (e.g. the European direct debit and iDEAL). Additionally, fewer and fewer online retailers are offering Acceptgiro as a payment option.

![Acceptgiro form]

Figures from the seven largest Dutch banks illustrated that, in 2016, 89% of people who received printed Acceptgiro forms actually effected the payment via mobile or internet banking (in 2010, 71%). One contributing factor in this regard is the growing popularity of mobile banking apps, which enable customers of certain banks to scan printed Acceptgiro forms and make the relevant payment without having to enter any further details.

The use of printed Acceptgiros, which has been decreasing for many years, led the National Forum on the SEPA migration to express its expectation in 2012 that it will be possible to discontinue the Acceptgiro as of January 1\(^{st}\) 2019. However, an important point of concern in this regard involved ensuring that effective payment methods remain available to vulnerable groups, for example those who have limited or no access to the internet and are unable to use mobile banking on a smartphone, for example.

Currence, the owner, will oversee the discontinuation process to ensure that the phase-out is managed efficiently. For example, in discussion with the banks, Currence conducted a round of consultations with important Acceptgiro stakeholders\(^7\) in 2016, in order to assess their ability to use the alternatives to the Acceptgiro. This consultation revealed that, in particular, commercial partners that have already transitioned completely have experienced few, if any, real problems in the payment system due to discontinuing the use of the Acceptgiro.

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\(^6\) The number of Acceptgiro payments is calculated on the basis of the number of printed Acceptgiro forms that were processed.

\(^7\) The stakeholders include ANBO, the Dutch Consumers Organisation, Goede Doelen Nederland and a number of large-scale Acceptgiro users, such as the Dutch Tax and Customs Administration, the Red Cross, energy companies, municipalities, internet service providers, housing associations and health insurance companies.
However, a number of interest groups and charities have petitioned to extend the phase-out date and to create additional alternatives. The key considerations in this regard are the attention value and convenience of printed payment orders for groups that do not wish, or are unable, to use digital payment methods. Based on these results, and in light of the fact that the number of printed Acceptgiros was still substantial in early 2017, a decision was taken to continue operating the Acceptgiro for several years after January 2019 and to phase out the Acceptgiro through market-driven development.
STRUCTURE

STRUCTURE OF THE COMPANY

At the time of its establishment, Currence was designed to have a special structure to achieve maximum transparency and flexibility. Currence Holding B.V. has various subsidiaries, in the form of product-specific private limited-liability companies. Currence Holding B.V. has issued ‘lettered’ shares to its shareholders (shares A to F). Each type of lettered share is related to a specific product-specific private limited-liability company.

This structure has a number of advantages for Currence. On the one hand, it allows the policy on the uniform payments system and the overall external profile of the company to become more firmly embedded. On the other hand, it leaves enough scope for individual shareholders’ interests, and for their relevant rights and obligations to be differentiated for specific products. A shareholder does not have to participate in all product-specific private limited liability companies.

The interests of shareholders may differ for each product-specific private limited-liability company. In order to facilitate access of new shareholders, conditions have been established that new (and existing) shareholders must comply with. This creates a transparent market situation for all parties. A non-bank that plays a role in a particular payment product, for instance, may also be an investor in a product-specific private limited liability company. The non-bank may then become a shareholder of Currence Holding B.V., accepting financial risks only for the specific product concerned and having shareholder rights to vote on the long-term policy for that product only. This structure allows different parties to invest in payment innovation.
LEGAL STRUCTURE OF CURRENCE

Each payment product is operated by a separate private limited liability company. The product-specific private limited-liability companies own the rights to the brands and logos, copyrights and other (intellectual) property rights. This also means that these private limited liability companies are the contracting parties of the licensees and certificate holders and are responsible for issuing licences and certificates and for the related (compliance) procedures. The product-specific private limited liability companies also have specific financial rights and obligations.

ORGANISATION

MANAGEMENT OF THE ORGANISATION

For its internal management, Currence has established an annual Planning and Control cycle. Within the context of this cycle, the objectives formulated by the Executive Board are divided into departmental plans and subsequently into individual plans for the staff. In order to provide insight into both the risks associated with the operations and the control of the extent to which the above objectives are realised, Currence produces quarterly and other reports. These partly serve to assess the achievement of the intended objectives and to adjust the business plans as required. If necessary, attention is also paid to absenteeism. In addition, the development of the budget and any associated risks are analysed and assessed every quarter. These internal risk management and control systems worked effectively during the year under review. DNB oversees the regulation of Currence and its products as part of its duty to promote security and efficiency in the payment system.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE CODE

Currence attaches great value to good corporate governance. Currence largely complies with the Corporate Governance Code. A number of the Code’s principles and best-practice provisions are not applicable to Currence as it is an unlisted company of a limited size.
INDEPENDENT GOVERNANCE

Operating independently is a prerequisite to Currence being able to fulfil its mission and perform well. Currence’s governance structures safeguards its independence. The Executive Board operates independently. No market players whatsoever can influence management decisions concerning the admission of new players to the market (competitors or otherwise). Nor may they exercise any influence that would lead to the unfair exclusion of (potential) market players or impede innovation.

The independent Supervisory Board advises and supervises the Executive Board. It acts in the interests of the company and its subsidiaries, also taking the shareholders’ interests into account. As the shareholders themselves operate in the payments market, and with a view to the requirements of free competition, they have no powers regarding Currence’s commercial policy, the admission to the market or the Rules and Regulations and product changes, other than their statutory powers. The General Meeting of Shareholders has specific approval authority in exceptional cases only, where product modifications would entail radical changes, and consequently investments, in the payments infrastructure.

Additional assurance of Currence’s independence is provided by the independent possibility of appeal to the Netherlands Arbitration Institute (NAI). Licensees, certificate holders and applicants for admission to the market can appeal to this institute against decisions or sanctions by Currence. No appeals have yet been filed.

Within the framework of its informal approval expressed on April 19th 2005, the Netherlands Competition Authority (NMa, currently ACM) has issued a positive assessment of Currence’s governance in relation to the competition requirements. With its independent governance, Currence fulfils a unique role in Europe that has proved its worth for the operation and management of the uniform payment systems market.

ROLE FOR MARKET PLAYERS

Currence will consult with market parties before reaching a decision on changing products and/or regulations. Indeed, these changes may directly affect the business operations of stakeholders, especially the operations of licensees and certificate holders. Market consultations and a structural dialogue with stakeholders in the payment chain relating to its products are vital to the effective operation of Currence. This is safeguarded in part by advisory bodies composed of licensees and groups of certificate holders. They represent the customers of Currence.

Furthermore, Currence maintains regular contact with umbrella groups, industry associations and consumer organisations.