



**CURRENCE**

**ANNUAL REPORT**  
**2019**

**Amsterdam, May 2019**



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# CURRENCE PROFILE

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Currence is the owner of the Dutch uniform payment products iDEAL, Acceptgiro, eMandates and iDIN.

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 The establishment of the Single Euro Payments Area (SEPA) has resulted in outdated national products being largely replaced by European variants.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.



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# ORGANISATION & KEY FIGURES 2019

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## BOARD MEMBERS

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### Executive Board

Drs Piet M. Mallekoote

### Supervisory Board

Name	born	function	appointed	steps down
Mr Rien Hinssen	1956	Former member of the Executive Board of SNS REAAL	2018	2022
Drs Sjors Kruiper	1959	CFO Royal Fruitmasters Group	2019	2023

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## CURRENCE HOLDING B.V. AND SUBSIDIARIES

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IDEAL LICENSEES AND CERTIFICATE HOLDERS*			
Institutions		2018	2019
iDEAL Licensees		23	24
iDEAL Certificate Holders		60	54
ACCEPTGIRO LICENSEES AND CERTIFICATE HOLDERS			
Institutions	2018	Institutions	2019
Acceptgiro Licensees	16	Licensees:	
Acceptgiro Debit Processors	4	Debit	11
Acceptgiro Credit Processors	3	Credit	13
Clearing House Acceptgiro	2	Debit & Credit Processors	1**
Acceptgiro Printers	20	Printers	20
Acceptgiro Service Bureaus (printed)	228	Service Bureaus	230
Acceptgiro Service Bureaus (digital)	16		
EMANDATES LICENSEES AND CERTIFICATE HOLDERS*			
Institutions		2018	2019
eMandates Licensees		14	23
eMandates Certificate Holders		1	1
eMandates Accredited Parties		29	26
IDIN LICENSEES AND CERTIFICATE HOLDERS			
Institutions		2018	2019
iDIN Licensees		11	12
iDIN Certificate Holders		7	8

\* Licences per role. A Licensee can perform multiple licensing roles.

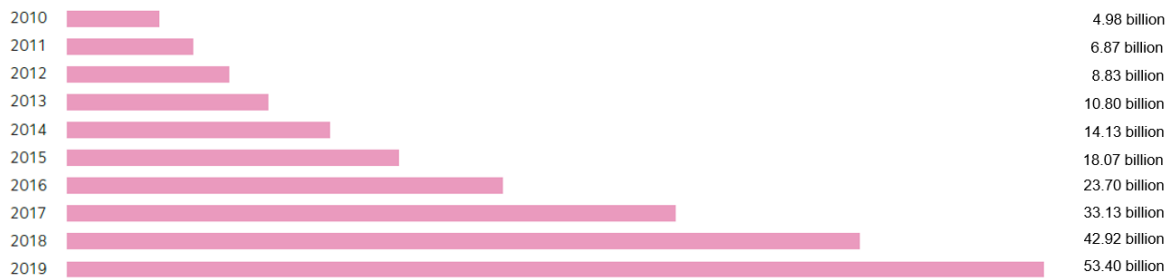
\*\* Is also testing institute.

## KEY FIGURES IDEAL

### iDEAL transactions



### IDEAL transaction turnover in euro



## KEY FIGURES ACCEPTGIRO

### Acceptgiro transactions



\* This concerns only printed Acceptgiros

### Acceptgiro transaction turnover in euro



\*\* Estimate

## KEY FIGURES EMANDATES

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### Issued eMandates



## KEY FIGURES IDIN

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### Number of transactions





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# REPORT FROM THE SUPERVISORY BOARD

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The Supervisory Board advises the Executive Board and monitors its policies in the interests of the company and the individual payment product companies. In this regard, the Supervisory Board takes into account the interests of all stakeholders.

The Supervisory Board met on five occasions in 2019. In the year under review, the Board was intensively involved in a multitude of matters in both its supervisory and advisory capacities. During the meetings, the Board focused its attention on the iDEAL strategy, inter alia, in the light of the PSD2. Particular attention was also paid to iDIN's market position. In this context, the market position and financing of iDIN was discussed with the shareholders.

The Supervisory Board looks back on the period under review with satisfaction. It is noted that the activities in the annual plan have been realised and that Currence, never losing sight of the cost aspect, has operated within its budget.

We hereby present to the AGM the company's annual accounts for the financial year running from 1 January 2019 to 31 December 2019.

The annual accounts were prepared by the Executive Board and, following an audit by BDO Audit & Assurance B.V, discussed by us with the Executive Board. We request the AGM to adopt the annual accounts in accordance with the Executive Board's proposal.

The result, excluding participating interests, is €4.000. In accordance with the Executive Board's proposal and based on the provisions of the Articles of Association, we recommend to add the result to the Other reserves of the company.

The results from Acceptgiro B.V. will be added to the Other Reserves of the company.

The results from Currence Incassomachtigen B.V. and iDIN B.V. will be charged to Other Reserves. The relevant 'lettered' shareholders will be asked to contribute an additional deposit, in proportion to their interest in the company.

A further proposal to the AGM of Currence Holding B.V. is that the dividend of €2,070,000 issued by product companies will be added to the dividend Reserves that has been created for this purpose and that this amount, subject to dividend tax where applicable, be paid out to the shareholders concerned.

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

We request that the AGM discharge the Executive Board from liability for conduct of the company's affairs in 2019 and the Supervisory Board for the supervision exercised.

Amsterdam, 10 April 2020

On behalf of the Supervisory Board,

**Rien Hinssen, Chairman**

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# REPORT FROM THE EXECUTIVE BOARD

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## ONGOING DIGITIZATION AND ACCELERATION

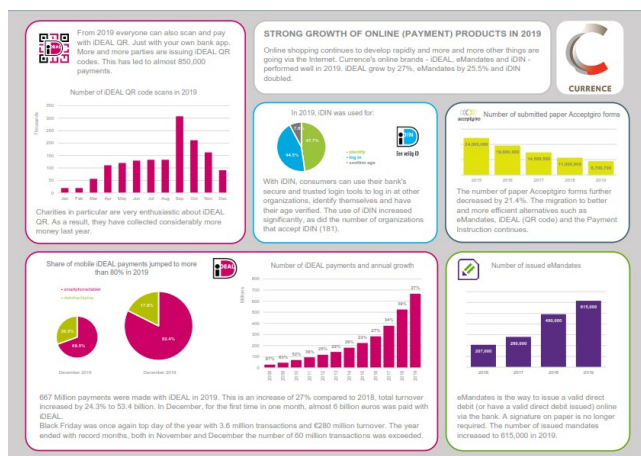
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In 2019 the trend of digitisation continued vigorously. Globally, the number of electronic payments increased by more than 13% with a reduction in the use of cash as a counterpart. This was due to changes in supply and demand factors, influenced by technological developments and legislation and regulations. In Europe, the implementation of the PSD2 and the related technical regulatory standards was completed. For online card payments, however, the European Banking Authority granted some postponement until the end of 2020 for the obligation of dual security ('Strong Customer Authentication'). Promoting innovation, competition and payment security is central to the PSD2. These goals promote a development in which greater speed of payments (via mobile and direct settlement; Instant Payments), open banking and interoperability will drastically change the payments landscape in the coming years, for both users and providers. Existing payment service providers still enjoy a great deal of confidence among their customers, but will be in the firing line when American Big Techs or Chinese payment giants vigorously expand their market expansion in Europe. Speed of innovation and new, smart forms of service are therefore highly relevant in order to continue to serve users optimally. A number of current payment service providers are continuously working on this. The key word for this is cooperation on infrastructure, standards and security standards. Systems of agreements are a suitable institutional framework for this. In the Netherlands, a great deal of (positive) experience has already been gained in this area.

In the Netherlands, the number of electronic payments once again grew strongly in 2019. A good overview of this can be found in the [annual report of the Payments Association](#). This development occurred in the point-of-sale payment transactions, e-commerce and payments between persons (e.g. in the form of payment requests). This report discusses this in more detail. An important milestone for Dutch payment transactions was reached around the summer, when the step-by-step introduction of direct payments (Instant Payments) was completed. Since that time, all single orders via mobile banking apps and internet banking (standard) are credited to the beneficiary's payment account within five seconds. The Netherlands is leading the way in Europe in this respect. This was based on good institutional cooperation between all parties involved.

## CURRENCE PRODUCTS

Three of Currence's four products grew nicely in 2019. Only the Acceptgiro product – in line with further digitisation – was used less frequently. Currence published a fact sheet about 2019.



## EIGHT OUT OF TEN IDEAL PAYMENTS BY THE END OF 2019 VIA MOBILE APP

In 2019, the use of the mobile device in payment transactions continued to increase: in December 2019, more than eighty percent of all iDEAL payments were made via banks' mobile apps. A year earlier, the figure was seventy percent. iDEAL QR codes and payment requests via messaging services such as WhatsApp are almost always paid via a mobile banking app. A total of 667 million iDEAL payments were made last year, an increase by 27 percent relative to 2018. The use of iDEAL thus continued to grow stormy, albeit to a lesser extent than in previous years. The so-called naming effect will have played a role in this. More than one in five iDEAL payments concerned mobile payment requests between consumers (22 percent).

## IDIN AND EMANDATES ALSO ON THE RISE

Online provision of services is promoted if parties doing business with each other can identify each other unambiguously and securely. This creates the necessary trust. With iDIN, consumers can quickly, securely and reliably identify themselves and log in via their bank, without having to create and remember new usernames with passwords. This is possible for more and more organizations. With iDIN, an organization can also reliably check online the age of someone who remains completely anonymous. In 2019 the use of iDIN increased strongly, although the level is still at the beginning of the growth curve. A lot of volume will still be needed in the coming years to make iDIN as successful as iDEAL.

The use of eMandates rose to 615,000 online authorisations in 2019. The annual numbers of eMandates are relatively modest because a mandate only needs to be issued once for direct

debits that can run for years. Thanks to the far-reaching European protection measures against abuse, consumers have increasing confidence in eMandates.

## USE OF ACCEPTGIRO FURTHER ON THEIR RETURN

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Only 8.7 million paper Acceptgiros were processed in 2019, which is more than 21 percent less than the previous year. Invoicers therefore replaced the Acceptgiro with direct debits, digital payment requests, iDEAL QR codes and the uniform Payment Instruction that could also be sent by post.

## FINANCIAL RISKS

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Currence has limited exposure to financial risks. As far as liquidity risk is concerned, Currence ensures that it has a fixed amount of permanently available assets at its disposal. Given Currence's licensees and certificate holders (banks and payment institutions), the credit risk is limited.

## 2019 RESULTS AND OUTLOOK FOR 2020

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Currence's consolidated annual accounts include the financial data of Currence Holding BV and its group companies. The financial policy is aimed at achieving cost efficiency. Currence has a limited profit objective. Its policy is essentially aimed at ensuring continuity and it operates within the competition law frameworks. Currence achieved a net result of minus 298,000 euros in the year under review. The consolidated balance sheet total amounted to 13.915 million euros, while shareholders' equity was 11.526 million euros at the end of 2019. The financial policy of previous years will be continued in 2020, with cost efficiency as the starting point.

In the first months of 2020, the world was raided by the coronavirus. The focus is primarily on safeguarding the health of the population and the impact on the economy. The impact of this crisis on Currence Holding and its product companies is limited, as far as it can be seen at the close of this report. In the first weeks following the revelation of the crisis, more was purchased online than usual during this period. As a result, the number of payments with iDEAL increased faster than in the comparable period of 2019.

Amsterdam, 10 April 2020

Piet M. Mallekoote  
CEO

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# CURRENCE'S PRODUCTS

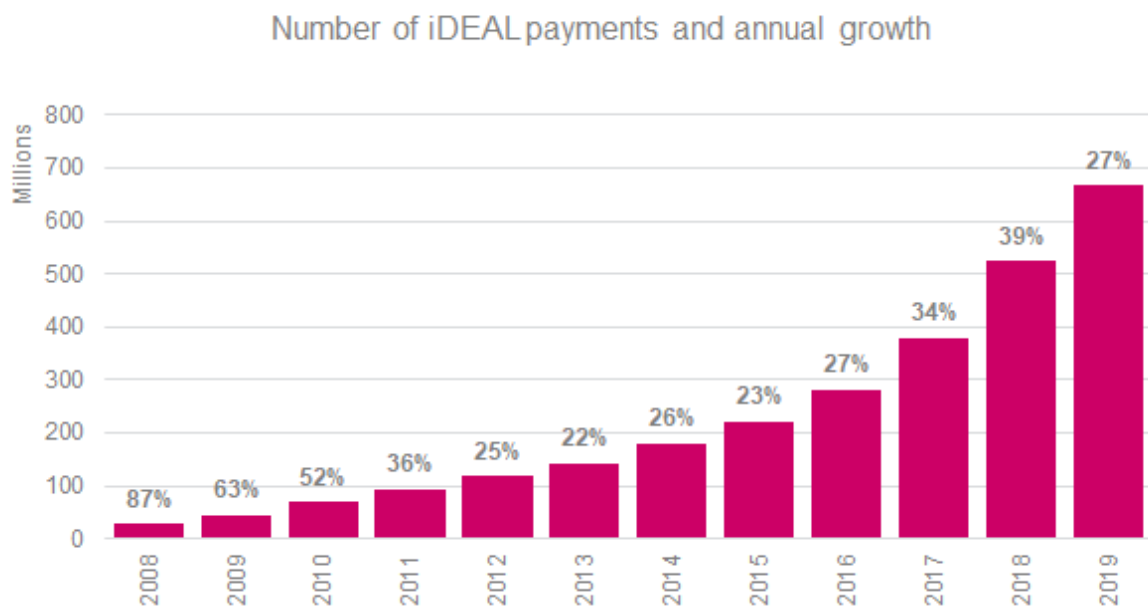
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## IDEAL: STORMY GROWTH CONTINUES

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In 2019, the total number of iDEAL transactions increased by 27.3 percent to 666.9 million payments.

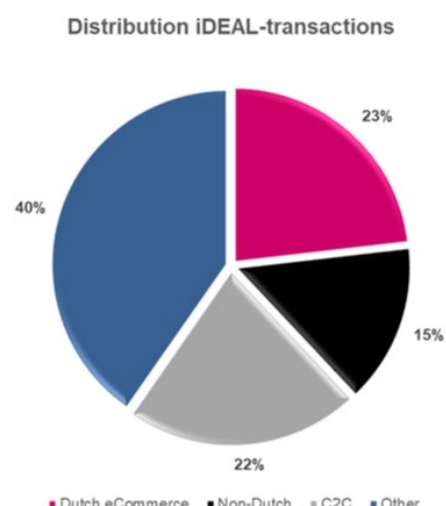


The turnover of iDEAL rose by 24.3 percent to more than 53 billion euros. The average transaction amount decreased in 2019 from almost € 82 to € 80. This is due to the popularity of payments between consumers (C2C<sup>1</sup> payments) with which on average lower amounts are settled. The share of C2C payments rose from 14.2 percent in 2018 to 21.7 percent in 2019. Per month, the volume of C2C payments continues to grow steadily, with a record 14.6 million payments in December 2019 (22.7% of the total iDEAL volume).

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<sup>1</sup> C2C stands for Consumer to Consumer

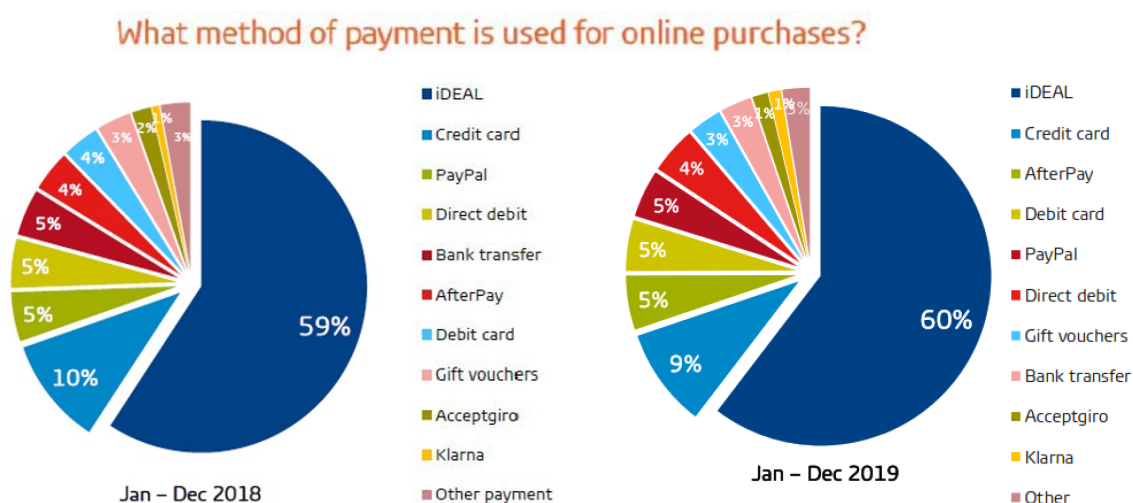
iDEAL is used as a payment method in many segments: in e-commerce (in the Netherlands and abroad), for payments between consumers (C2C) and for consumer payments outside the e-commerce domain. The latter category ('other') forms the largest segment of all iDEAL payments (42%). Examples in this category are the payment of invoices, the purchase of games, the upgrade of calling credits and donations.



## IDEAL IN DUTCH E-COMMERCE

Research by Thuiswinkel.org into online consumer spending shows that Dutch consumers made nearly 258 million online purchases in 2019 for a total of 25.8 billion euros. Approximately 26% of the national retail turnover was made in the online channel.

The vast majority of online purchases from Dutch webshops are settled with iDEAL. The market share of iDEAL in e-commerce rose from 59 percent in 2018 to 60 percent in 2019.



Source: e-Commerce Payment Monitor; GfK, Thuiswinkel.org and iDEAL

## MORE ONLINE STORES IN THE NETHERLANDS

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According to Statistics Netherlands (CBS), 79 percent of Dutch people aged 12 and over bought something online in 2019. They did so at some 58,000 online shops (2018: 51,000), which are registered with the Chamber of Commerce. These webshops have e-commerce as their main activity or are omni-channel retailers, these retailers have a physical shop as well as an online shop. The number of one-pitters in this group remains as high as ever: 81%.

Research by iDEAL shows that a Dutch webshop offers an average of 4.2 payment methods. This is a striking increase compared to 2018 (3.7). Among members of Thuiswinkel.org, the number of payment methods also increased from 5.9 in 2018 to 6.2 in 2019<sup>2</sup>. Almost all large(er) webshops offer iDEAL as a payment method. Remarkably, the number of webshops offering iDEAL has risen sharply to 90% (2018: 74%), mainly at the expense of the bank transfer. This is because it has become easier for smaller webshops to offer iDEAL (via Payment Service Providers, platforms and webshop packages). In addition, the costs for an iDEAL payment are limited and it offers the possibility to deliver faster than with a bank transfer. Enough reasons for a starting webshop to offer iDEAL.

Displaying the iDEAL logo on a payment page has increased by 22% to 75%. Currence advises its users to do this, because the iDEAL logo is familiar and well-known to many customers and stands for easy, fast and secure payments. Currence has no conclusive explanation as to why this share has risen so much in the space of a year. This is probably due to the aforementioned statement that webshops have started to make more use of specialised payment service providers and payment platforms to set up the customer journey. They know the added value of the iDEAL logo and therefore display it as standard on the entrepreneur's website.

## IDEAL IN E-COMMERCE ABROAD

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In 2019, 99 million iDEAL payments were made via foreign websites<sup>3</sup>. This is an increase of almost 15 million payments compared to 2018 (84 million). This brought the share of iDEAL payments via foreign websites to 14.8 percent. Due to the high growth in the C2C segment and non-e-commerce iDEAL payments, the share of foreign payments in the total volume decreased slightly (2018: 16%), but remains very significant.

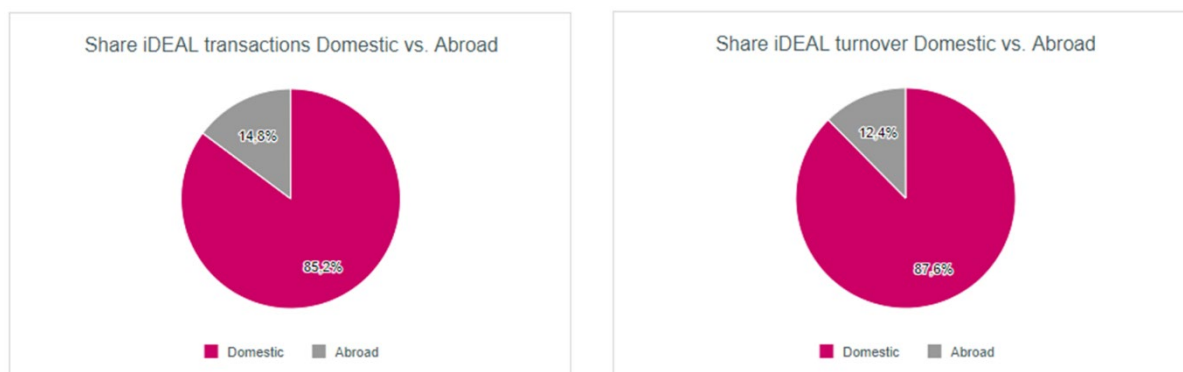
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<sup>2</sup> Payment options webshops 2018, Boom Market research commissioned by Currence

<sup>3</sup> Currence defines a foreign website as a website of which the owner is not registered with the Dutch Chamber of Commerce.



In 2019, some 10,900 foreign webshops accepted iDEAL. This is a 33% decrease compared to 2018: 16,300 webshops. Currence explains this decline with the rise of platforms. More and more webshops are using a platform.



## BLACK FRIDAY BROKE ALL RECORDS

Black Friday, the day after Thanksgiving Day in the United States, is now the most important online sales day in the Netherlands. In 2019, this day was on 29 November, coinciding with the last weekend for Sinterklaas. In order to distribute the pressure on its organizations, in the run-up to Friday, prices were already stunted and sales increased. This was also reflected in the iDEAL figures, which rose by 36% in that week. On Black Friday itself, the peak remained almost the same as 2018 with 3.6 million payments, yet a close daily record for iDEAL.

## C2C IS ONE OF THE PILLARS OF IDEAL

The payment of payment requests has become an important pillar of iDEAL in recent years. Consumers send each other a payment request via a digital channel, mainly WhatsApp. The payer settles the amount with iDEAL. Various market parties now facilitate this application, such as ING, Tikkie, Rabobank, bunq and Online Payment Platform.

In 2019, the use of iDEAL for C2C payments has once again increased substantially: from 74.2 million to 144.6 million (21.7% of the number of iDEAL payments).

In total, more than EUR 5.6 billion changed hands in the C2C segment. The average transaction amount was € 38.89. This is considerably lower than that of a regular (non C2C) iDEAL payment (€ 91.38).

## IDEAL OUTSIDE E-COMMERCE

iDEAL has long surpassed e-commerce. Approximately 40 percent of iDEAL payments are made outside the segments distinguished in this report. The applications are endless: paying a fine at the CJIB, upgrading your Apple ID balance, donating to your favourite charity, paying your taxes, paying your health care provider's bill, paying for parking, upgrading your game credit, etc.

### iDEAL applications



Various market initiatives were launched in 2019 to enable online payments with iDEAL at the counter. Examples are BPme, Ease2Pay, Decathlon, Albert Heijn and booq an initiative of Eijnsink. At BP and Ease2Pay a customer can refuel and pay directly at the pump with iDEAL or a credit card. At Decathlon the customer can use a special app (Scan & Go) to scan the chosen products, pay with iDEAL and leave the shop without any obstacles. Albert Heijn uses a QR code to pay for the groceries delivered at home. Eijnsink has introduced the booq concept in the hotel and catering industry. After scanning a QR code at the table, a customer can place his order and pay directly with various means of payment. This means that less staff is needed on a terrace and customers no longer have to wait until their order is taken or to pay for it.

Currence welcomes these initiatives and expects to launch further initiatives in 2020 to enable payments with iDEAL in 'offline' situations.

## IDEAL QR ACHIEVES 100% REACH

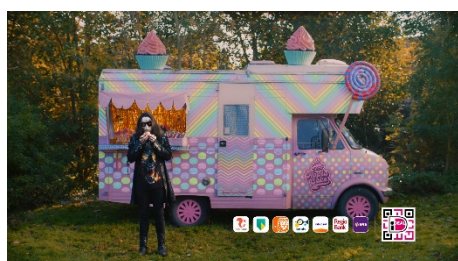


In 2019 the use to be able to pay with a QR code increased. In some countries this is common (e.g. China), in other countries it is still in its infancy. By scanning an iDEAL QR code with a smartphone or tablet, an iDEAL payment can be completed quickly. Just as fast, safe and secure as a regular iDEAL mobile payment. The ability for everyone to pay with an iDEAL QR code became a reality in 2019.

Consumers who want to pay with an iDEAL QR code can do so in many different ways: via the mobile banking apps, the iDEAL app, a generic QR scan app and the camera of their smartphone. This allows everyone to pay with iDEAL QR.

Since the summer of 2019, in addition to Knab and Rabobank, ING and ABN AMRO have adapted their apps so that it is possible to scan an iDEAL QR code from the bank app. This has contributed to the adoption of iDEAL QR by the market. The first industry to embrace this form of payment were charities. They use iDEAL QR on their collection boxes and paper communication. According to Stichting Collecteplan, which brings together 25 collaborating charities, in 2019 they saw an explosive growth (of 215%) in the number of contributors via iDEAL QR. In their words: "With iDEAL QR the charities seem to have found the answer to the trend that people have less cash in their homes".

In addition, iDEAL QR is also frequently used in e-commerce. When the customer scans the iDEAL QR code with his mobile phone, the payment is completed quickly, while the webshop keeps control of the customer's journey on the PC screen. What's more, a larger part of the payments succeeds if they are processed on the smartphone, which leads to a higher conversion rate.



In order to make iDEAL QR better known among consumers, Currence broadcasted a TV commercial in November and December. The final message of this commercial is: 'You've got it in your pocket, so pay with ease' (*'Je hebt 'm op zak, dus betaal met gemak'*).

Within the target group 35-54 years, 81.1% saw the commercial at least once. This has given us a net reach of 3,730,600 people. 57% of the 35-54 year olds have seen the commercial at least 3 times.

In 2020, Currence expects the iDEAL QR code to appear frequently on invoices. This is an important potential growth segment. By printing an iDEAL QR code on an invoice, it can be paid quickly and easily with the mobile banking app. This makes it an excellent alternative to the Acceptgiro. Even if an invoice is sent digitally, the QR code can be used. By providing it with a hyperlink, payment can also be made from the screen of the mobile or desktop, without scanning the code, but simply by clicking on it.

## MORE IDEAL PROVIDERS

Currence's role model for iDEAL includes the following parties: acquiring (entrepreneurial) licensees, issuing (consumer) licensees, certificate holders (as a reseller of iDEAL, they also offer value-added services to entrepreneurs) and C2C providers.

In 2019, 24 organisations were licensees of iDEAL. In the year under review, Smart2pay Global Services joined as an acquiring licensee. There were a total of 12 issuing and 12 acquiring licensees at the end of 2019.

In addition, 54 certificate holders (CPSPs) were active. Of these, 21 are based outside the Netherlands. Most CPSPs established in the Netherlands also focus on the international, mostly European, market.

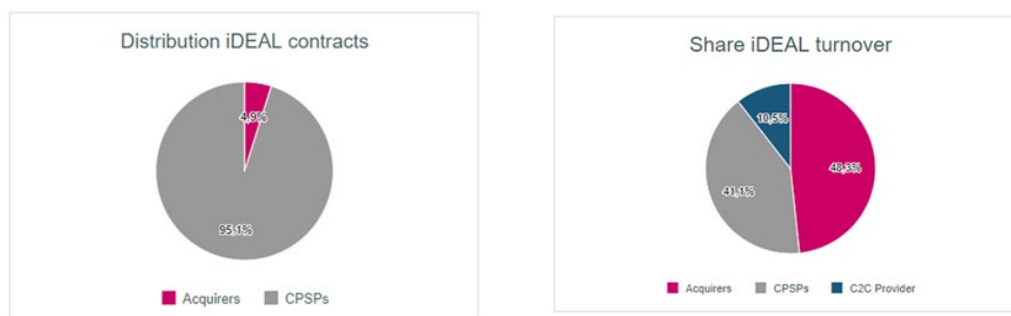
At the end of 2019, the counter of C2C providers stood at 11.



At the end of 2019 there were a total of 125,283 active iDEAL contracts (merchants), a decrease of 5% compared to 2018 (131,637 merchants). This seems to contradict the balance of the growth in the number of webshops in the Netherlands and the decrease in the number of iDEAL accepting foreign webshops (total change: 1,600). As mentioned above, this is probably related to the increasing use of platforms by webshops. For example, bol.com reports that 45% of their turnover comes from external sellers. Other well-known platforms are plein.nl, beslist.nl, Zalando and AliExpress. Webshops connected to a platform do not have their own iDEAL contract. Payment for them is handled by the platform. In addition, the platform takes

care of the delivery and service. If a customer has a question or a complaint, he can contact the platform. They will then take care of the follow-up. The customer pays in discharge to the platform with iDEAL and the platform takes responsibility for the affiliated merchant.

The vast majority of iDEAL merchants have concluded an iDEAL contract via a CPSP: 95% (2018: 92%). It seems that it is the easiest way for online businesses to have their payment problem solved by a CPSP. They are fully equipped to make payment as easy as possible for these parties.



## IDEAL BETTER AVAILABLE

Availability always remains an important part of any payment method. Unavailability has a direct influence on the conversion of a webshop and immediately leads to frustration with the buyer and seller. In 2015, the Dutch Central Bank laid down requirements for the availability of 'time-critical payment orders' in the Financial Supervision Act. Payment service providers of iDEAL above a certain threshold volume fall into this category. Since then, the availability standards for these payment service providers have been raised.

For the period 'prime time' from 06:00 to 00:30, the standard has been raised to 99.88% by the end of 2018. This standard is also laid down in the Rules & Regulations of iDEAL. As shown in the graph, the acquiring and issuing Licensees of iDEAL have on average met this standard since February 2019.



The certificate holders also report their availability on a quarterly basis since 2017. In that period, they have on average never performed below 99.88% availability. In 2019 the average availability was even 99.97%. Good news for iDEAL merchants and payers.

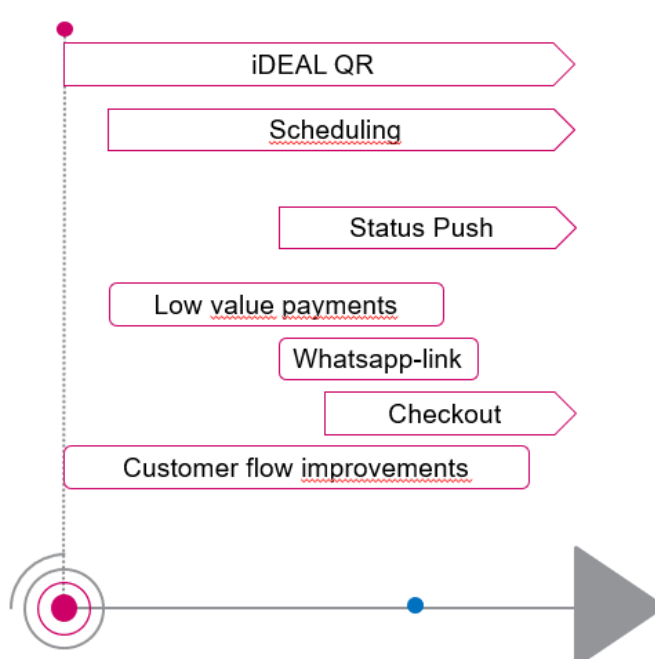
The standard for the 'non-prime time' period (from 0:30 - 06:00) is 98.5%. Licence and certificate holders remained well above this in 2019. This standard is lower, so that maintenance can be planned and carried out on the systems of these parties during this period.

## INNOVATIONS

Currence has had an Innovation Lab for several years now. In this Lab, new functionalities or improvements to existing functionalities are worked out and realised, often with partners. In 2019, the following product improvements were taken up and are briefly explained one by one.

### iDEAL Scheduling

This functionality makes it possible to schedule an iDEAL payment for execution in the future. In the beginning, PSD2 APIs made available by the banks, will be used. The infrastructure is ready and a pilot is planned in the first half of 2020.



2019

### Status Push

The aim of this process is to minimize the number of payments of which the status becomes unavailable at the webshop. It can happen that a payment succeeds, but the confirmation does not reach the webshop. In that case, the online store does not know that a payment has been made. This leads to many questions from customers because the money has been debited from the customer but the webshop has not confirmed the order. In some cases this occurs when the customer closes the browser or the app without returning to the webstore.

Even though it does not happen very often, it does have a huge impact on the consumer. Most of the questions they ask are about this case. As a solution to this problem, bunq was the first issuer to remove the <Go back to webstore> button from their confirmation page.

This leads to fewer breaks in the customer journey and therefore fewer problems for the webshop and the payer. In this case the chance that the confirmation does not arrive is minimal, which leads to more successful orders.

The other licensees are encouraged to implement this method as well. Currence has high hopes that this will happen, because the PSD2-flows of the banks also work with a confirmation page without a <continue>-button.

### Customer flow improvements

Last year a lot of time was spent discussing the iDEAL customer journeys of the issuing licensees. The aim is to make an iDEAL payment in as few steps as possible while not damaging the customer's trust. The iDEAL Standard has been adapted to this and best practices have been published.

Rabobank is the first licensee to have adjusted its desktop flow. With the new flow it is possible to complete a payment in 2 (!) screens. Rabobank has, among other things, removed the possibility to receive an email confirmation.

Other issuing licensees are also in the process of further perfecting their flow. In 2020, Currence expects it to become even easier to pay with iDEAL.

### Low Value Payment

A variant of improving the customer journey is the iDEAL Low Value Payment. Currence has worked out this flow with ABN AMRO. For amounts below €25 it becomes possible to authorise the iDEAL payment in a mobile customer flow in 1 screen. To date – due to other priorities – no licensee has yet implemented this customer journey, but there is certainly interest in it.

### WhatsApp

Currence built the flow to send an iDEAL payment link via a Whatsapp message. If the consumer's mobile number is known, this option makes it possible to send a payment request. Currence believes that this channel offers opportunities for merchants to initiate payments without having to contact the customer directly, or to transfer iDEAL payments even more easily from the desktop to the mobile phone. "Would you like to order this?" Ping, there's the WhatsApp on your cell phone, asking you to authorize the payment.

### Checkout

The purpose of iDEAL Checkout is to share the customer's details during an iDEAL payment. The consumer then no longer needs to fill in his delivery details separately at each webshop, but uses the data stored at iDEAL Checkout. This leads to a faster customer journey and a higher conversion rate.

Currence worked out this concept together with Rabobank. This option is expected to be rolled out in the first half of 2020. It will then be possible to actually combine iDEAL payments with the sharing of the customer's delivery details, subject to the express consent of the consumer.

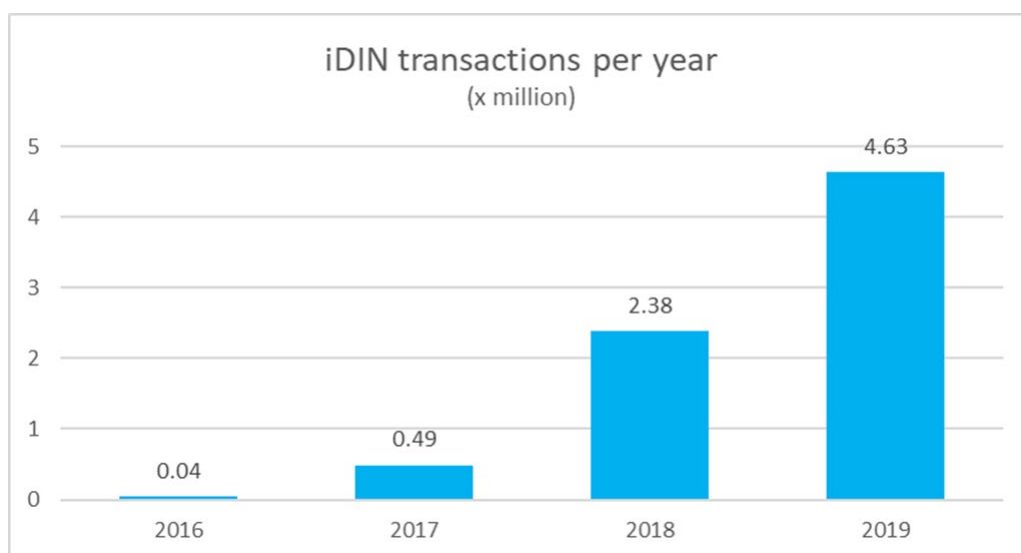


## IDIN: USE ALMOST DOUBLED

Today, people, organisations and even devices are digitally connected. A lot of a consumer's interaction with an organisation takes place on and via the internet. In doing so consumers expect to be able to communicate and act with organisations quickly, seamlessly and safely. Being able to establish each other's identity creates the trust that is needed to facilitate communication and action remotely.

If this is insufficiently secured, it can result in consumers not contacting an organisation via the internet, even though this is much more convenient and efficient.

In the Netherlands, iDIN is the only means of identification and login that allows organisations to reach around 13 million Dutch people in one go. iDIN is available to every account holder of the banks affiliated to iDIN. Since its introduction in 2016, iDIN has experienced considerable growth, both in the number of transactions and in the number of merchants.

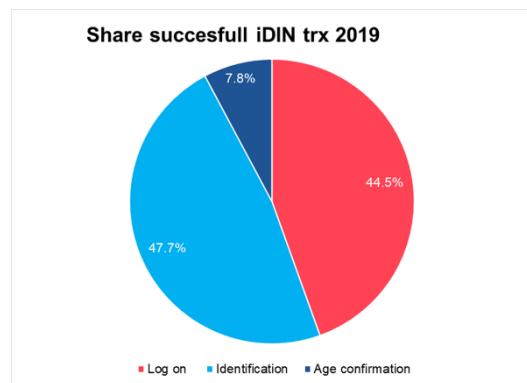


Use in 2019 almost doubled compared to 2018. In 2019, a total of 4.63 million successful iDIN transactions were carried out. Compared to 2018, this represents a growth of 94.8%. The number of successful iDIN transactions since their introduction (July 2016) amounts to 7.5 million. In addition, 8 DISPs (Digital Identity Service Providers) have been certified. These are the parties that – in addition to banks – can help companies integrate iDIN on their websites. iDIN is at the beginning of its lifecycle. The potential of iDIN remains undiminished.

## IDIN HAS SEVERAL USER VARIANTS

With iDIN, consumers can identify themselves with organizations, log in and confirm their age. In the year under review, 48 percent of iDIN transactions were made for online identifications. Examples include identification for taking out insurance policies, mobile subscriptions and mortgages or for requesting a credit registration online. Of the other transactions, 45 percent were made to log in to

personalised online accounts, for example. 8 percent of the transactions were made for age verification by, for example, online lotteries and webshops selling (e-)cigarettes. A number of merchants switched from age verification to full identification in 2019, as a result of which the latter product type has grown over the past year. The share of age verification as a counterpart decreased in 2019 compared to 2018.



In 2019, almost half of all transactions (almost 2 million) were carried out in the financial services sector. Remotely followed by more than half a million transactions each in the mortgage, insurance and gambling sectors. The other sectors, including e-commerce and healthcare, account for a total of approximately 15% of the number of transactions.

## INTRODUCTION IDIN QR

The functionality of iDIN has been extended in 2019 by developing a specific QR code for iDIN. By scanning the iDIN QR-code the consumer can log in even easier or confirm his age or identity in an offline situation.

Prompted awareness among consumers of iDIN (with a description about iDIN and showing the logo) has increased from 15 to 27 percent. Growing brand awareness requires time, during which consumers need to come into frequent contact with the brand. In 2020, iDIN, together with its license and certificate holders, will continue to ensure that the iDIN brand remains in the attention of consumers through public campaigns. The increase in the number of merchants in 2019 will help to increase brand awareness.

Last year it was expected that in 2019, under the proposed Digital Government Act, the government would launch a tender for the selection of one or more private funds for use in the public domain (BSN domain). Instead of a tender, the government decided to start an accreditation process for private funds. The government (rightly) sets requirements in the area

of security, reliability and user-friendliness. iDIN is preparing for this accreditation and looks forward to the accreditation with confidence. The law was passed in the House of Representatives in February 2020. It is anticipated that it will be possible to start logging into the government domain with private funds in the fourth quarter of 2020.

## EMANDATES: ISSUING VALID ONLINE MANDATES FOR DIRECT DEBITS

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With the eMandates product, customers can issue a valid direct debit mandate online to payees for the execution of periodic or one-off direct debits from their payment account. A signature on paper is not required. The consumer or business customer issues this direct debit authorisation online via their bank's trusted internet or mobile banking channel, just as an iDEAL payment. Direct debit authorisation is secure, fast and simple.

There are two variants of eMandates: standard eMandates that focus on the private market and business eMandates for use in the commercial market. In the private market, the advantages of eMandates are that it is certain that the mandate has been issued by an authorised person, that the mandate is recognised by the bank and that the correct IBAN can be used for direct debits. This increases the chance that the first eMandate with a new customer will succeed. In addition, entrepreneurs do not have to take into account the risk that customers will be able to have their eMandates reversed (also referred to as reversals) up to 13 months after the transaction was completed. In the case of eMandates, European regulations limits this risk to eight weeks.

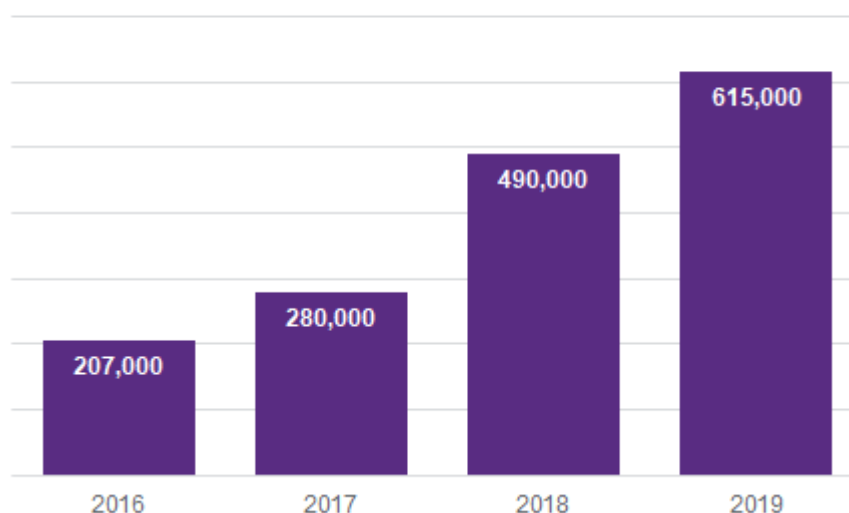
When the business variant of eMandates is used, not only the authorisation is issued completely online, but this authorisation also gets automatically registered at the payer's bank. The payer and payee do not have to do anything further to complete the registration process. This saves time and reduces the risk of incorrect entries. The result is an increase in the number of successful commercial eMandates, which by the way cannot be reversed.

eMandates are offered to the market by 14 licensees who enable their private customers to issue an eMandate online and by 9 licensees who offer eMandates business customers. There are 26 Mandate Service Providers accredited. These parties organise the technical integration of payees with the various credit institutions. The role of Routing Service Provider is also been defined in the eMandates scheme. This party is responsible of the routing of transaction messages between the credit and debit institutions. One organization – equensWorldline – is certified for this purpose.

In 2019, more than 615,000 authorisations were issued via eMandates, an increase of 26% compared to 2018. Since the start of eMandates in 2016, more than one and a half million direct debit authorisations have been issued. The number of active payees (companies offering eMandates to their customers) rose by more than 20% from 352 to 433.

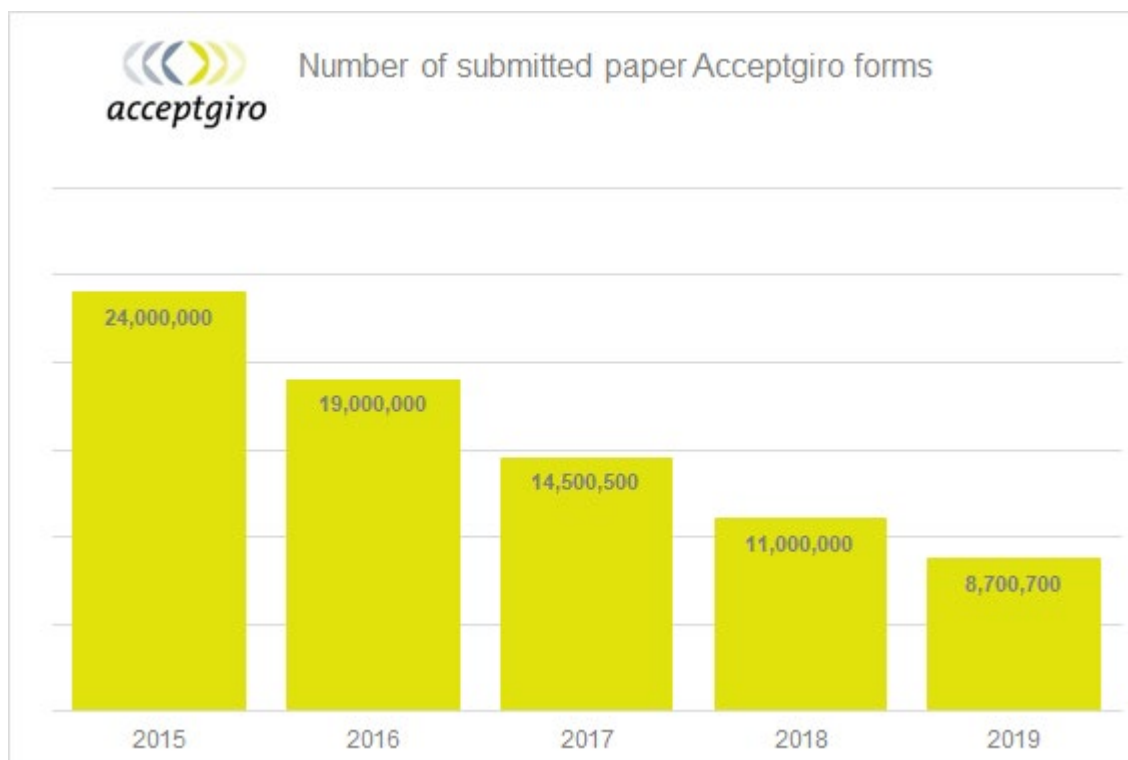


Number of issued eMandates



## PAPER PAYMENT ORDERS AND ACCEPTGIROS FURTHER ON THEIR RETURN

In the Netherlands, payment orders are issued almost entirely digitally. Business account holders already do this for 100 percent and consumers only submit almost 1 percent of their payments on paper. The lion's share of the paper payment orders processed consists of Acceptgiros.



However, organisations have less and less often their invoices and payment requests accompanied by a paper Acceptgiro. Instead, they offer other payment methods. Examples include the [uniform Payment Instruction](#), which can be sent digitally and also by post, and other efficient electronic/digital payment methods, such as direct debit, digital payment requests and iDEAL payments with QR codes.

In 2019, the number of processed paper Acceptgiros is therefore further reduced by 21% to 8.7 million compared to 2018. This sharp decrease is in line with previous years.

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# EXPLANATION OF THE STRUCTURE, ORGANISATION AND GOVERNANCE OF THE COMPANY

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## STRUCTURE

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### STRUCTURE OF THE COMPANY

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At the time of its establishment, Currence was designed 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

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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

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### MANAGEMENT OF THE ORGANISATION

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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

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### CORPORATE GOVERNANCE CODE

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Currence attaches great value to good corporate governance. Currence does not fall within the scope of the Corporate Governance Code but endorses the aims of the Code, achieving a sound and transparent system of checks and balances. Currence follows the principles of the Code to the extent that they apply to its situation.



## INDEPENDENT GOVERNANCE

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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 19<sup>th</sup> 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

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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.