



**CURRENCE**

**ANNUAL REPORT  
2020**

**Amsterdam, May 2021**



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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 The establishment of the Single Euro Payments Area (SEPA) has resulted in outdated national products being largely replaced by European variants.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 2020

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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       |

## CURRENCE HOLDING B.V. AND SUBSIDIARIES

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|   |             |             |
|---|-------------|-------------|
| <b>IDEAL LICENSEES AND CERTIFICATE HOLDERS*</b>     |             |             |
| <b>Institutions</b>                                 | <b>2019</b> | <b>2020</b> |
| iDEAL Licensees                                     | 24          | 26          |
| iDEAL Certificate Holders                           | 54          | 47          |
| iDEAL Accredited Parties                            | 11          | 13          |
| <b>ACCEPTGIRO LICENSEES AND CERTIFICATE HOLDERS</b> |             |             |
| <b>Institutions</b>                                 | <b>2019</b> | <b>2020</b> |
| Licensees:  |             |             |
| Debit   | 11          | 5           |
| Credit  | 13          | 11          |
| Debit & Credit Processors                           | 1**         | 1**         |
| Printers  | 20          | 20          |
| Service Bureaus                                     | 230         | 225         |
| <b>EMANDATES LICENSEES AND CERTIFICATE HOLDERS*</b> |             |             |
| <b>Institutions</b>                                 | <b>2019</b> | <b>2020</b> |
| eMandates Licensees                                 | 23          | 23          |
| eMandates Certificate Holders                       | 1           | 1           |
| eMandates Accredited Parties                        | 26          | 27          |
| <b>IDIN LICENSEES AND CERTIFICATE HOLDERS</b>       |             |             |
| <b>Institutions</b>                                 | <b>2019</b> | <b>2020</b> |
| iDIN Licensees                                      | 12          | 12          |
| iDIN Certificate Holders                            | 8           | 12          |

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

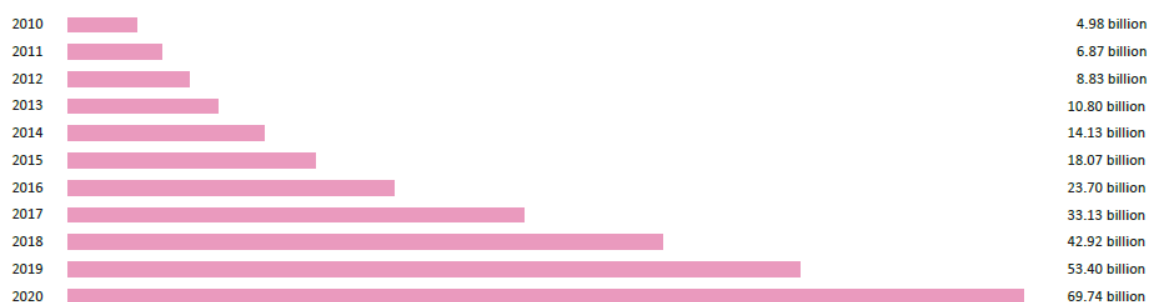
\*\* Is also testing institute.

## 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



### Number of payees



## KEY FIGURES IDIN

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### iDIN 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 while overseeing Currence's independence. In this regard, the Supervisory Board takes into account the interests of all stakeholders.

The Supervisory Board met on five occasions in 2020. In addition, the Supervisory Board separately deliberated on the ways in which the succession of Piet Mallekoote should be provided for.

During the year under review, the Supervisory Board was intensively involved in a multitude of issues from both its supervisory and advisory roles. In the year under review (and still today) extensive attention was paid to the project to redesign the iDEAL infrastructure in cooperation with the shareholder banks under the name iDEAL 2.0. You can read more about this in the management report. In addition, particular attention was paid to the development of iDIN.

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.

We hereby present to the AGM the company's annual accounts for the financial year running from 1 January 2020 to 31 December 2020.

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 € 168.000. 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 Currence iDEAL B.V. and Acceptgiro B.V. will be added to the Other Reserves of these companies.

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.

We request that the AGM discharge the Executive Board from liability for conduct of the company's affairs in 2020 and the Supervisory Board for the supervision exercised.

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.

A special word of thanks is owed to Piet Mallekoote, who stepped down as Currence's Chief Executive Officer on 28 February 2021 due to reaching the age of retirement. He has been involved with Currence from the very start, the last 15 years of which as Chief Executive Officer. Thanks to his boundless commitment, extensive knowledge of the dossiers and keen eye for the interests of all parties involved in the payment system, Piet has not only put Currence on the map, including internationally, but has also left a clear mark on the Dutch payment system. Dear Piet, many thanks for that!

The Board is very pleased to have found a worthy successor to Piet Mallekoote in Daniel van Delft as CEO and Eelco Laddé as CIO. In view of the new phase that Currence is entering into, the shareholders and the Board have opted for a two-person board.

Amsterdam, 13 April 2021

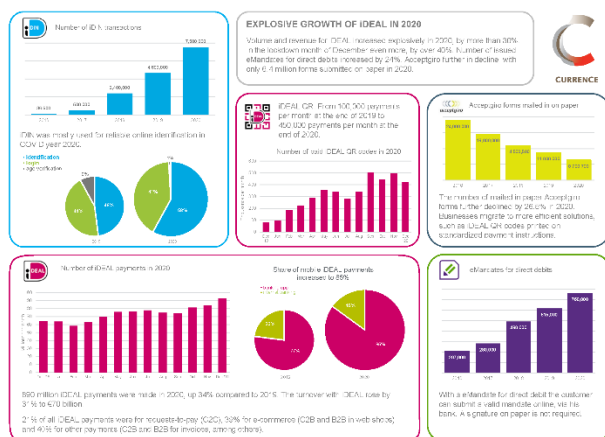
On behalf of the Supervisory Board,  
**Rien Hinssen, Chairman**

# REPORT FROM THE EXECUTIVE BOARD

Due to the Corona virus that broke out in the Netherlands in March, the year 2020 proved to be exceptional and special, also for the payments system. In the Netherlands, the number of electronic payments grew strongly again, partly due to the Corona crisis. An overview is included in the annual report of [the Payments Association](http://www.betaalvereniging.nl) (www.betaalvereniging.nl). This development occurred mainly in e-commerce and payments between individuals (e.g. in the form of payment requests). The present annual report discusses this in more detail.

## CURRENCE PRODUCTS

Three of the four Currence products experienced substantial growth in 2020. Only the Acceptgiro product was used less frequently, in line with further digitalisation. Currence published a factsheet about 2020.



## EXPLODING GROWTH OF IDEAL IN CORONA YEAR 2020

The number of payments and the turnover with iDEAL have increased by more than 30% in the past year compared to the previous year. In the lockdown month of December, these growth rates even exceeded 40%. The total number of iDEAL payments reached 890 million in 2020, with a turnover of €70 billion.

Almost 85% of all iDEAL payments were approved by customers and completed on smartphones and tablets, in the mobile apps of banks. Mobile payment requests between friends and family (such as Tikkies) accounted for 21% of all iDEAL transactions.

## RISE OF IDENTIFICATION AND LOGIN WITH IDIN

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The number of iDIN transactions increased by 62% in 2020 compared to 2019, to over 7.5 million transactions. iDIN was used mostly for online identification in Corona year 2020.

## SLIGHT INCREASE IN NUMBER OF DIGITALLY ISSUED DIRECT DEBIT MANDATES

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The use of eMandates increased to 760,000 online mandates in 2020. 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.

## QUARTER FEWER ACCEPTGIRO FORMS

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The processing of paper Acceptgiro forms declined by 26%. In 2015, 24 million signed paper Acceptgiro forms were still sent to banks by post, but by 2020 this number had dropped to 6.4 million, less than one Acceptgiro per household per year.

## 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.

## IDEAL 2.0

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In the year under review Currence, on the advice of the participating banks, defined and adopted the strategy for the renewal of iDEAL. This resulted in the iDEAL 2.0 programme, which was launched in the year under review. This programme is now developing and implementing the strategy. The main points of this strategy are:

- A future fixed iDEAL infrastructure, based on APIs and reducing complexity by adding a central access point that issuers and acquirers connect to (instead of bilateral connections);
- Improved customer journeys by reducing the number of steps in the customer journey;
- Opening up the ecosystem for the development and operation of value-added services;
- Making the Currence organisation more agile and market-oriented, to ensure that innovations are realised more often and more quickly in the near future.

## 2020 RESULTS AND OUTLOOK FOR 2021

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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 155,000 euros in the year under review. The consolidated balance sheet total amounted to 13.540 million euros, while shareholders' equity was 10.466 million euros at the end of 2020. The financial policy of previous years will be continued in 2021, with cost efficiency as the starting point.

As in 2020, we will have to deal with the Corona virus in 2021. The impact of this crisis on Currence Holding and its product companies is expected to be similar to that in 2020. Online purchases will again be higher than before the Corona crisis, which is why iDEAL is likely to grow faster than in previous years. In addition, growth of identification and online signing and therefore of iDIN is to be expected.

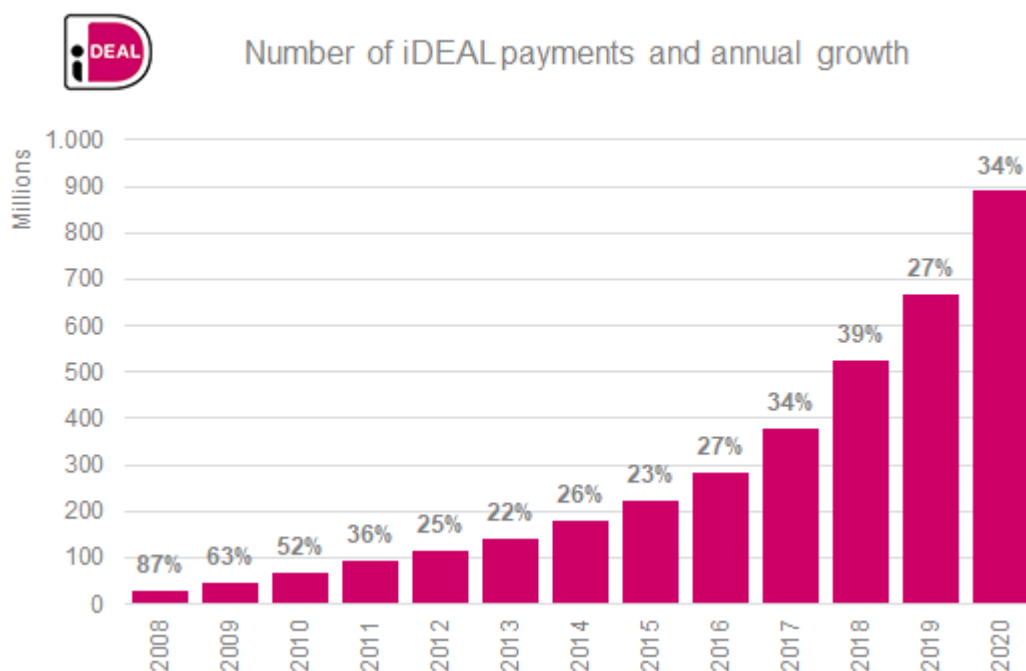
Amsterdam, 13 April 2020

Daniel van Delft  
CEO

# CURRENCE'S PRODUCTS

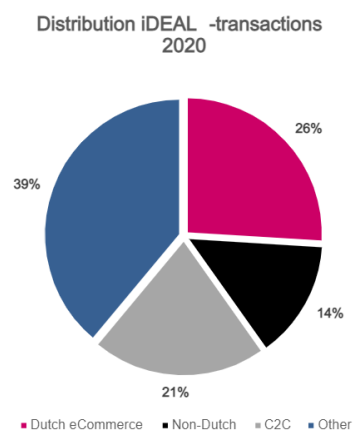
## IDEAL: EXPLODING GROWTH IN CORONA YEAR 2020

In 2020, the total number of iDEAL transactions increased by 33.5% to 890.4 million payments.



The turnover of iDEAL rose by 31.2% to more than € 69.74 billion euros. The average transaction amount decreased in 2020 from € 80 to € 79. In March 2020, the most expensive purchases were made with iDEAL, for an average amount of almost € 93. This is more than € 15 higher than average compared to all other months of the year. Almost 85% of all iDEAL payments were approved by customers and completed on smartphones and tablets, in the mobile apps of banks.

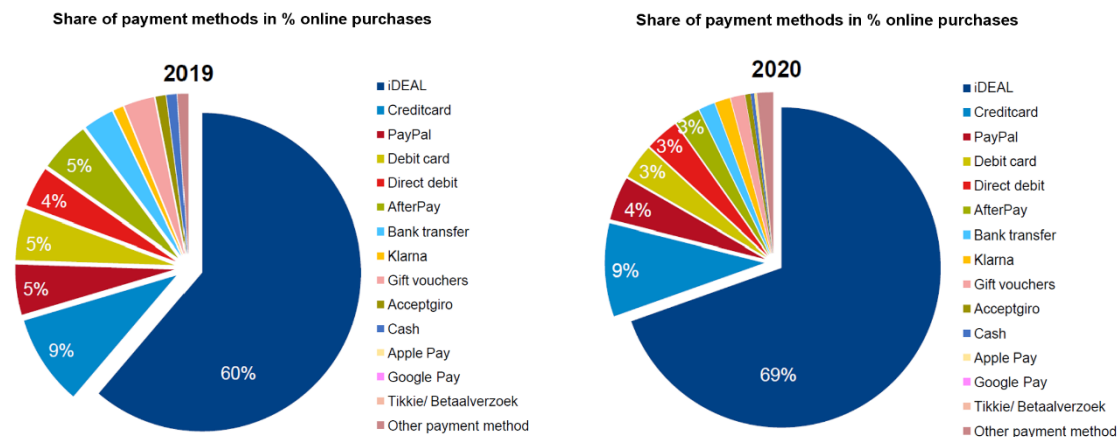
An estimated 40% of all iDEAL payments took place in the online payment environment of domestic (26%) and foreign webshops (14%). Payment requests between friends and family (such as Tikkies and the bank payment requests of Rabobank, ING and Knab, among others) accounted for 21% of all iDEAL transactions. This has remained roughly the same as 2019, despite a decline during the first and second lockdown. The remaining 39% (Other) was paying for (periodic) bills, fines, municipal taxes, topping up prepaid balances and online B2B purchases, for example.



## IDEAL IN THE ONLINE PAYMENT ENVIRONMENT AT DOMESTIC AND FOREIGN WEBSHOPS IN THE NETHERLANDS

Research into online consumer spending shows that Dutch consumers made nearly 335 million online purchases in 2020 (2019: 264 million) for a total of 26.6 billion euros. Of all purchases, 10.8% come from the online channel. Overall, the online market has grown by 27% over 2019.

Dutch people settle the vast majority of online purchases with iDEAL. The market share of iDEAL in e-commerce rose from 60% in 2019 to 69% in 2020.

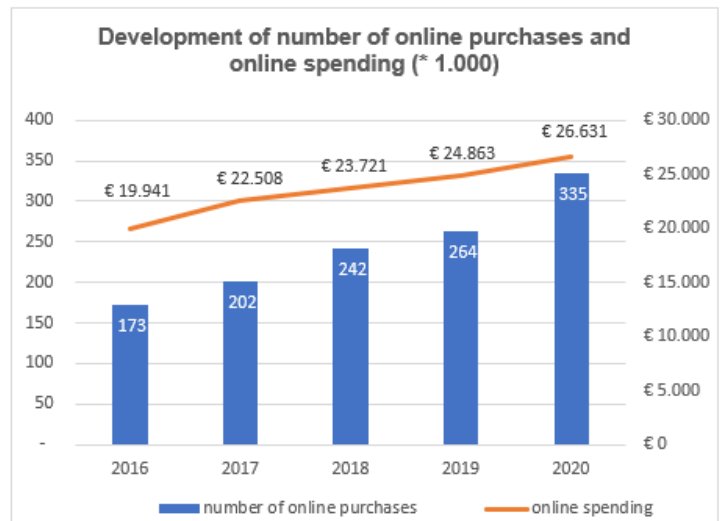


Source: Thuiswinkel Markt Monitor 2020, GfK by order of Thuiswinkel.org / Retail Insiders, Betaalvereniging Nederland, iDEAL and Post NL.

## MORE DUTCH BUY ONLINE DUE TO CORONA

Due to the very limited opening hours of shops and restaurants in 2020, consumers increasingly made their purchases online. This does not only concern purchases by existing buyers, but also by new online shoppers. According to Statistics Netherlands (CBS), in the first half of 2020, 71% of Dutch people aged 12 years or older purchased something online. This is 11% more than a year earlier. These are Dutch people who indicated to have bought something online in the three months preceding the survey.

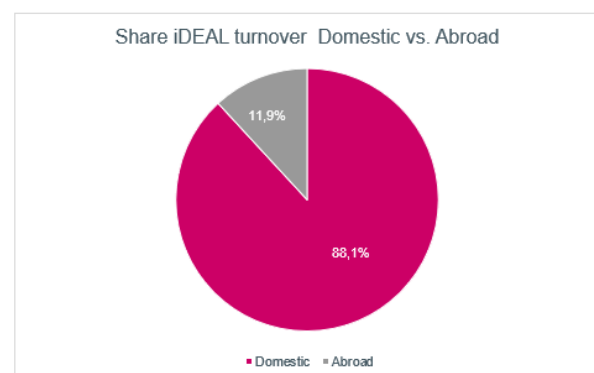
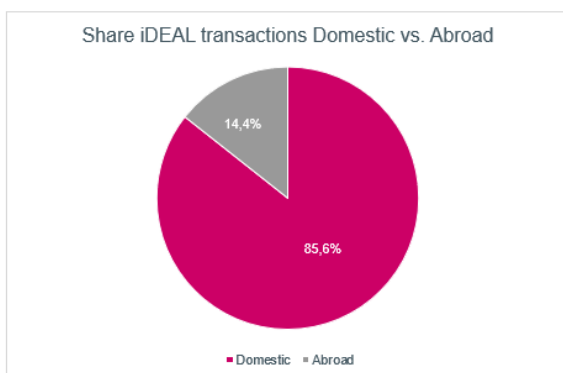
According to CBS it is mainly the 25 to 45-year-olds who buy via the Internet; around 86% bought goods or services online in 2020. The growth was greatest among people aged 65 and over. In the first half of 2020, the number of 65 to 75-year-olds shopping online rose to 59%, compared with 45% in 2019. Among people aged 75 and over, the number of online shoppers also rose from 17% in 2019 to 25% in 2020. Thuiswinkel.org reports a number of 13.8 million online buyers for the whole of 2020 (a growth of 2%), of whom about 5 million also occasionally buy something from foreign webshops.



## IDEAL IN E-COMMERCE ABROAD

In 2020, 127 million iDEAL payments were made via foreign websites<sup>1</sup>. This is an increase of almost 28 million payments compared to 2019 (99 million). This brought the share of iDEAL payments via foreign websites to 14.4%. 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 (2019: 14.8%), but it still remains significant.

In 2020, some 23,200 foreign webshops accepted iDEAL. This is a 112% increase compared to 2019: 10,900 webshops. Currence explains this increase among other things by Corona, which has caused Dutch consumers to buy more and more online. And therefore also at foreign webshops, which consequently decide to offer iDEAL as a payment method. The increase in foreign CPSPs and acquirers also contributes to the rise of iDEAL as a payment method in foreign webshops.



<sup>1</sup> Currence defines a foreign website as a website of which the owner is not registered with the Dutch Chamber of Commerce.



## THE YEAR OF BROKEN RECORDS

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Black Friday, the day after Thanksgiving Day in the United States, is undisputedly the most important online sales day in the Netherlands. In 2020, this day fell on 27 November and therefore also in the last weekend before Sinterklaas. In the run-up to that Friday, sales, and with them iDEAL transactions, were already rising sharply. On Black Friday itself, the number of transactions rose to unprecedented levels with 4.7 million payments (2019: 3.6 million payments). An absolute daily record for iDEAL in a year in which all records were broken anyway.

On Wednesday 22 April 2020, the 3 billionth iDEAL payment was made. This milestone was reached sooner than expected because, partly as a result of the Corona crisis, the growth in the number of iDEAL payments in March was some 15% higher. To celebrate this, iDEAL supported *Red je Boeketje*. This initiative ensures that elderly people in nursing homes receive a bouquet of Dutch flowers as a gesture of encouragement.

## EXPANSION OF COOPERATION BETWEEN CURRENCE AND THE NATIONAL HOTLINE FOR INTERNET FRAUD

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The National Hotline for Internet Fraud (LMIO in Dutch) is a public-private partnership between Currence, public prosecutors, the police and iDEAL CPSPs. The partnership was launched in 2017 and focuses on tackling online fraud through online shops. Due to the success of the cooperation, it has been further developed in 2020.

CPSPs are informed by the police if a merchant is involved in several reports of Internet scams. The CPSP takes measures against dishonest merchants so that these merchants can no longer process transactions via iDEAL. Consultations are also taking place between the police and the CPSPs. This strengthens the information position of both the police and the CPSPs. Through this cooperation, CPSPs can detect rogue webshops sooner and the police can increase the quality of reports and investigations.

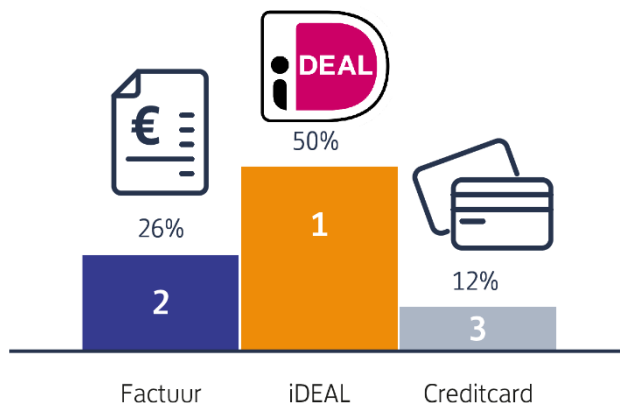
## IDEAL MOST FREQUENTLY USED B2B PAYMENT METHOD

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Half of the business community in the Netherlands orders products online. B2B e-commerce is on the rise: the percentage of the working population that has placed or approved a business order online in the past twelve months increased, probably under the influence of the Corona crisis, by nine percentage points compared to last year to 48%, according to the B2B E-Commerce Market Monitor 2020<sup>2</sup>.

When asked about their preferred method of payment for a business online order, 38% of respondents indicated paying by invoice and 36% paying by iDEAL. This is followed by credit cards (9%), AfterPay (5%) and PayPal (4%). There is a difference in the preference of business buyers and the method that is most often used. In fact, 40% of the business buyers indicate that the most frequently used method is not their preference. 26% of them actually pay by invoice and 50% by iDEAL. The main reason for these differences are the offer of the seller and the policy within the buyer's company.

The proportion of employees paying for business purchases with iDEAL, on invoice or with credit card



## IDEAL THE BEST PAYMENT METHOD FOR THE FOURTH YEAR IN A ROW

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In April 2020, the fifteenth edition of the Emerce 100 was published, a special annual publication by Emerce. In this publication decision makers from the online industry assess the performance of service providers, divided into dozens of categories.

In the category 'Payment methods' we only see minimal shifts with the same providers as last year. iDEAL receives 5.5 stars for the fourth year in a row and is the highest rated payment method.

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<sup>2</sup> The B2B e-commerce Market Monitor 2020 is a study of 3,899 Dutch employees into the behaviour and preferences of online business buyers conducted by Multiscope on behalf of Thuiswinkel.org, PostNL, De Nieuwe Zaak and Currence.

## IDEAL QR ACHIEVES 100% REACH



The use of iDEAL QR codes appears to be breaking through. With over 10 million Dutch consumers in possession of a smartphone and mobile banking app, it is only a matter of time before iDEAL QR is ubiquitous as a payment method.

A QR code can be used everywhere; on collection boxes, on invoices, in the hospitality industry, at schools or at local community centres. At the end of 2019, there were still around 100,000 iDEAL payments per month that started via a QR code. By the end of 2020 there were already 450,000 per month. In December 2020, 10.3 million QR codes were generated, 762,000 scanned and 495,000 actual iDEAL payments made.



Charities, among others, have discovered the iDEAL QR code. Last year, the Red Cross used iDEAL QR codes on TV, in Direct Mailings and in advertisements. In doing so, the aid organisation raised over €400,000. The Red Cross said: "iDEAL QR codes are an effective and valuable addition to our donation options. Last year, we showed an iDEAL QR code on TV during a coverage on our assistance during the Corona crisis. Viewers could scan the QR code for one minute with their smartphone. This was an immediate success: for every minute the QR code was on the TV screen, more than €10,000 was raised. In the first 10 seconds already €2,500 was donated."

Paper transfers and Acceptgiros are at the end of their life cycle. Invoices with an account number and invoice details to be copied by the customer is a hassle and leads to many errors. With iDEAL QR, the old-fashioned Acceptgiro can be digitised: no more typing errors and many times fewer problems with reconciliation of received funds. The fact that the iDEAL QR code can also be scanned with your camera (iOS), a generic QR code scanner and, since 2019, in the mobile banking apps, makes its use even more accessible. All of this prompted Data B. Mailservice to integrate iDEAL QR and thus add it to the direct mailings they provide on behalf of many government institutions, such as municipalities, public water authorities, joint ventures for local taxes and housing corporations.

Since November 2020, Tikkie merchants have been able to create an iDEAL QR via the Tikkie API, which can be incorporated into both a digital and a paper invoice. This has increased the reach of iDEAL QR even further.



The commercial for iDEAL QR was broadcasted in two periods in 2020. With a wink, we showed in the first TV commercial that paying with iDEAL QR is very convenient whilst being on the road. In the other, we emphasised that paying at the door is also very easy. This last version was used in the autumn of 2020 to support the charity collection season.

## IDEAL PROVIDERS

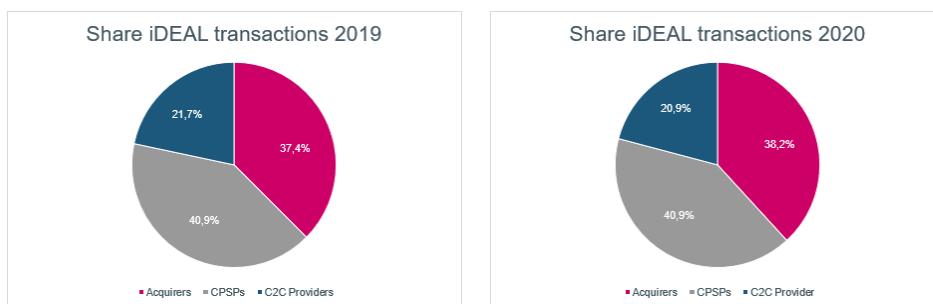
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Currence's role model for iDEAL includes the following parties: acquiring (entrepreneurial) licensees, issuing (consumer) licensees, certificate holders (as a reseller of iDEAL, they also offer value-added services to entrepreneurs) and C2C providers.

In 2020, 26 organisations were licensees of iDEAL. In March Adyen joined as an acquiring licensee and in December Revolut joined as issuing licensee. There were a total of 13 issuing and 13 acquiring licensees at the end of 2020.

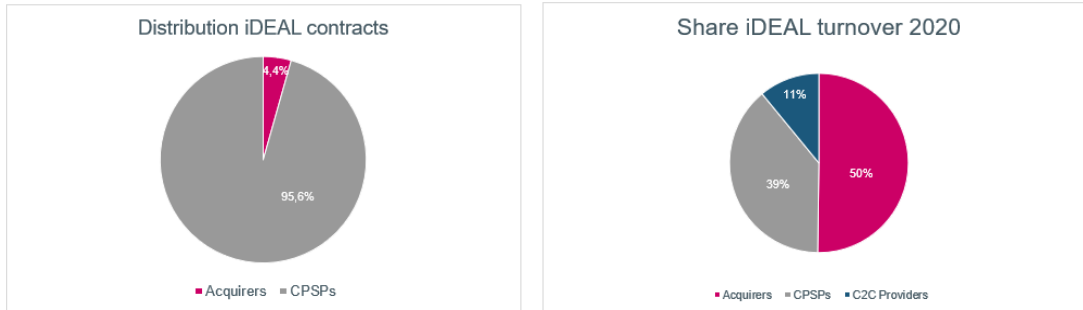
In addition, 47 certificate holders (CPSPs) were active. Two new CPSPs were certified, GoCredible in January and SafeCharge in November. There are 8 CPSPs that have terminated their certificate agreement. And Adyen, upon entering into its acquiring license agreement, had the certificate agreement expired. Of the certificate holders, 20 are located outside the Netherlands. Also most of the CPSPs established in the Netherlands focus on the international, mostly European, market.

At the end of 2020, iDEAL counted 13 C2C providers. Stripe and Knab were accredited as C2C providers in 2020.



At the end of 2020 there were a total of 206,126 active iDEAL contracts (merchants). This is an increase of 64.5% compared to 2019 (125,283 merchants). This strong growth is also due to the Covid-19 lockdowns in 2020 and the resulting explosive growth in online purchases by consumers and businesses.

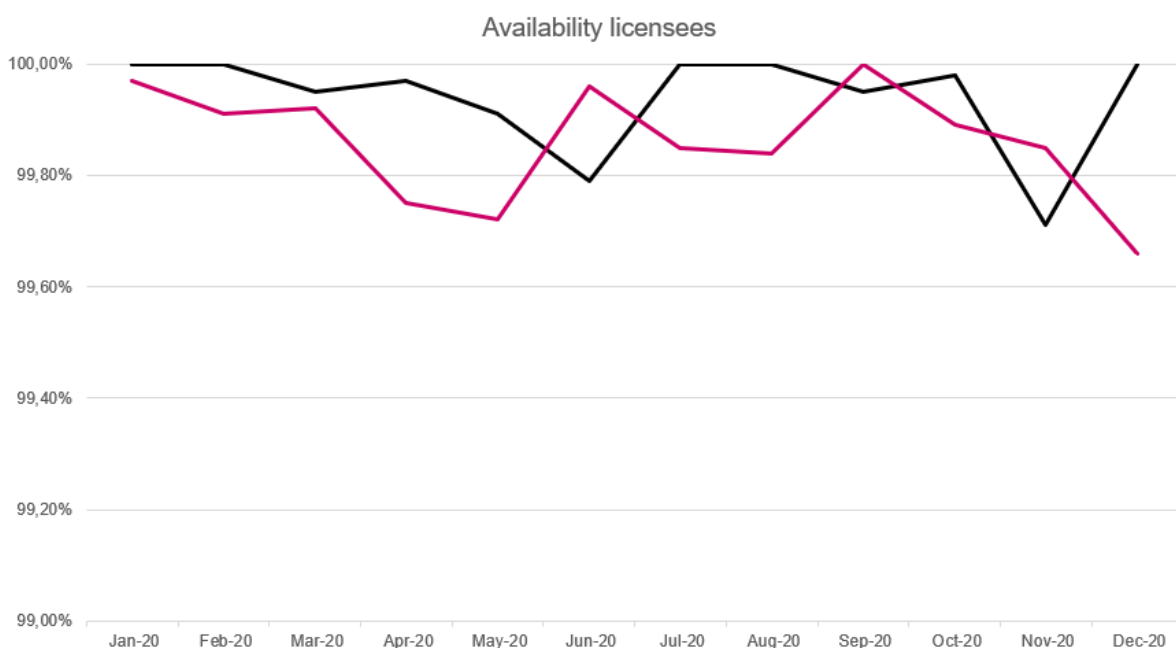
The vast majority of iDEAL merchants have concluded an iDEAL contract via a CPSP: 95.6% (2019: 95%). It seems that it is the easiest way for online businesses to outsource their payments to a CPSP. They are fully equipped to make a payment as easy as possible for these parties.



### FOCUS ON IDEAL AVAILABILITY REMAINS

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 not met this standard in all cases in 2020.



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 2020 the average availability was even 99.9%. 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 2020. This standard is lower, so that maintenance can be planned and carried out on the systems of these parties during this period.

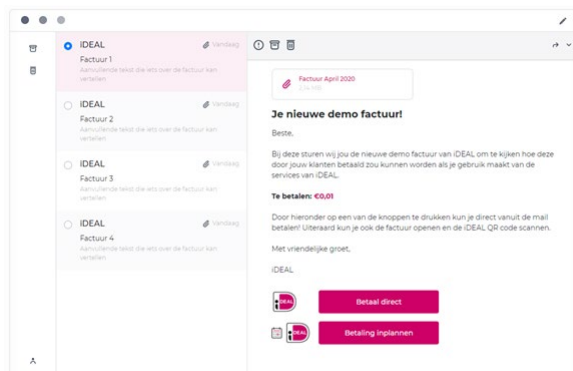
## INNOVATIONS

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 2020, the following product improvements were taken up and are briefly explained one by one.

### iDEAL Scheduling



Currence iDEAL and Online Payment Platform have completed a successful iDEAL Scheduling pilot. With iDEAL Scheduling, an iDEAL payment can be scheduled in the customer's banking environment for execution on a date in the future. For example, the customer can schedule an iDEAL payment for an invoice at a time after the earnings have been received. Bank customers have always been able to use online banking or mobile banking to schedule a transfer for a later date. This is now also possible via iDEAL, after explicit consent from the customer.



iDEAL Scheduling is not only useful when paying invoices, but also when paying taxes or traffic fines. Citizens can then, for example, schedule the payment of municipal taxes with iDEAL for a date which is more convenient for them.

Currence and Online Payment Platform completed a successful pilot for iDEAL Scheduling with the Central Fine Collection Agency (CJIB in Dutch) in 2020. On average, almost 100 users per day used iDEAL to schedule the payment of a traffic fine for a later date. Nine out of ten users would use iDEAL Scheduling again and eight out of ten found it easy, reliable and secure.

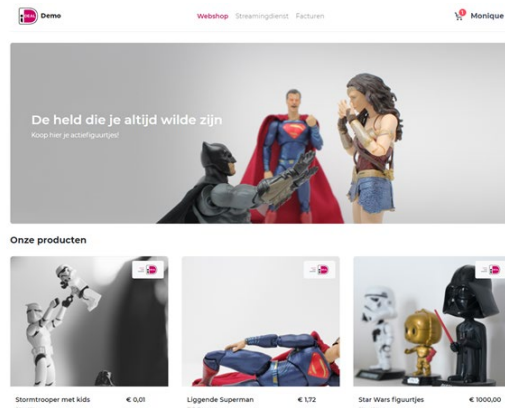
iDEAL Scheduling is based on the PSD2 APIs of the major banks. Online Betaalplatform, as TPP, has made the necessary links. As a result, this functionality was realised relatively quickly. Currence eventually foresees an integration of iDEAL Scheduling in the iDEAL protocol, so that an unambiguous and recognisable service can be delivered to consumers and businesses.

### New demo shop iDEAL

The new [iDEAL demo shop](#) was launched in 2020. All our license and certificate holders can use it to give demonstrations or for testing.

The new demo shop supports the following payment situations:

- webshop
- streaming service
- invoice
- chat



Depending on the use case, payment with iDEAL can take place in any form:

- [iDEAL](#)
- [iDEAL QR](#)
- [iDEAL Scheduling](#)
- iDEAL Checkout
- [iDEAL Payment link](#)
- iDEAL Push (via SMS and Whatsapp)

### iDEAL Checkout

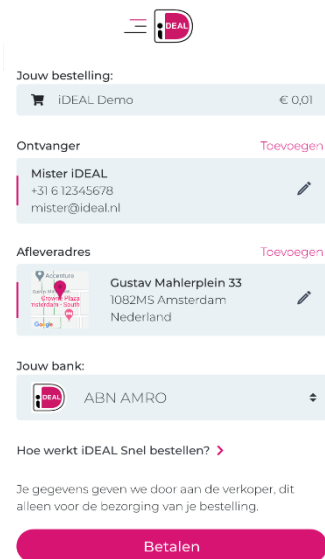
The purpose of iDEAL Checkout is to share the customer's details during an iDEAL payment.



The consumer then no longer has to fill in his delivery details separately at each online shop, but uses the details stored with iDEAL Checkout. This results in a faster customer journey and higher conversion.

Currence has developed iDEAL Checkout in cooperation with Rabobank. It combines the sharing of delivery details with an iDEAL payment. The customer gives his details once, so that they can be used again for each subsequent payment. Because it is no longer necessary to fill in all kinds of fields each time at different webshops, this speeds up the ordering process. So ideally suited for webshops that want to increase their conversion rates or offer the option of making a purchase as a guest.

At the moment iDEAL Checkout is live in Currence's demo shop. The next step is to organise a pilot to test whether iDEAL Checkout meets the expectations of online retailers.



### iDEAL 15 years

In 2020, iDEAL celebrated its 15th anniversary. This was celebrated together with business relations of iDEAL during a webinar on Tuesday 27 October 2020 in which digital creative strategist Bas Gezelle talked about Augmented Reality and Virtual Reality. You can watch the webinar [here](#).

### Restyled iDEAL logo



The iDEAL logo was also 15 years old. In honour of the 15th anniversary of iDEAL the restyled iDEAL logo was unveiled during the webinar.

### Renewal of iDEAL

At the end of 2020, a major renewal of iDEAL was started. Substantial investments are being made to modernise the underlying technology and to add value to iDEAL with new services. The investment in iDEAL is aimed at replacing the technical infrastructure and laying a foundation for new functionalities and services. ABN AMRO, ING and Rabobank, the shareholders of Currence, have agreed to this.

Payment service providers and merchants will be able to connect more easily to iDEAL in the future. Additional value-added services can be developed more quickly. These services will not only be developed by Currence, but also by affiliated payment service providers. In this way, the strong position of iDEAL will be further expanded in the future.



The first new functionality will be the possibility to order quickly via iDEAL (iDEAL Checkout). In addition, all customer data necessary for a smooth order and delivery can be passed on automatically to the web shop. In addition, the customer's preferred bank for iDEAL payments will be remembered.

In order to coordinate the ideas and plans for iDEAL with stakeholders, iDEAL held a market consultation among all licence and certificate holders in December.

## RISE OF IDENTIFICATION AND LOGIN WITH IDIN

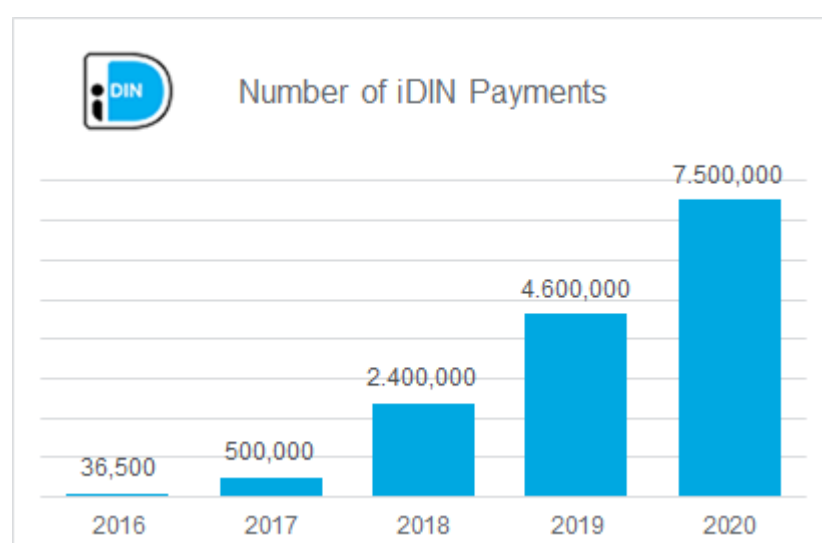


People, organisations and even devices are nowadays connected in a digital way. Much interaction that a consumer has with an organisation takes place on and via the internet. Consumers expect to be able to communicate and trade with organisations quickly, seamlessly and securely. Being able to establish each other's identity creates the trust needed to facilitate remote communication and trade.

If this is not sufficiently guaranteed, consumers may decide not to contact an organisation via the internet after all, even though this would be much more convenient and efficient.

It is positive to see how organisations are embracing digitisation at this time. In many situations, physical identification with a proof of identity is not feasible at a distance. In addition, a copy of a passport regularly leads to failure due to poor quality copies and is relatively 'easy' to obtain (think of scamming via online platforms, etc.) and reproduce. As a result, a copy of the passport does not provide sufficient security. The digital alternatives for identity verification allows identification to take place directly online. The acquirers and DISPs (Digital Identity Service Providers) see an enormous increase in the need and demand from the market for a secure and reliable eID tool such as iDIN. This saves a lot of time and money and offers convenience to the consumer.

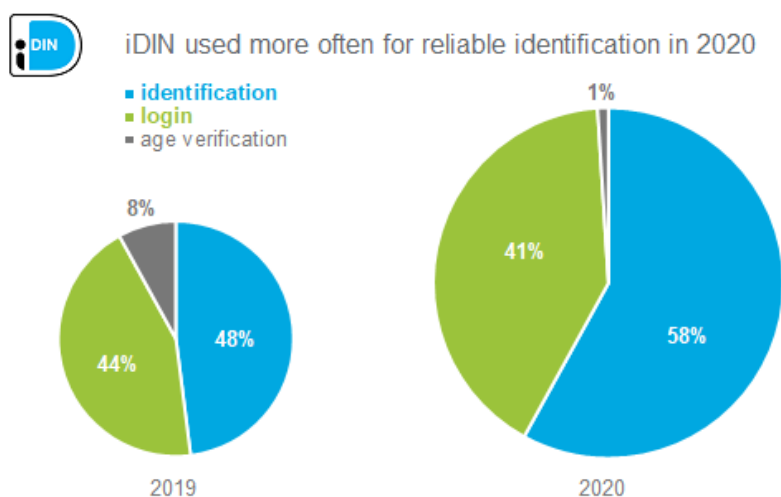
iDIN is the only identification and login tool in the Netherlands with which organisations can reach around 13 million Dutch people at once. iDIN is available to every account holder of the banks affiliated to iDIN. Since its introduction in 2016, iDIN has experienced significant growth, both in number of transactions and number of merchants.



The usage in 2020 is almost equal to the total usage from 2016 to 2019. In 2020, a total of 7.52 million successful iDIN transactions have been made. Compared to 2019, this is a growth of 62%. The number of successful iDIN transactions since its introduction (July 2016) is 15.05 million. Two milestones have been reached this year, the 10 and 15 million transactions. The number of merchants increased to 235. In addition, 12 DISPs (Digital Identity Service Providers) have been certified. These are the parties who – in addition to banks – can support businesses to integrate iDIN on their websites. iDIN is at the beginning of its life cycle. 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, 58 percent of iDIN transactions were made for online identifications. Examples include identification for taking out insurance policies, mobile subscriptions and mortgages, buying lottery tickets or for requesting a credit registration online. Of the other transactions, 41 percent was used to log in to, for example, personalised online accounts. One percent of the transactions was made for age verification by, for example, online lotteries, webshops selling (e-)cigarettes and the first online liquor shops have introduced this service. A number of merchants switched from age verification to full identification, as a result of which age verification decreased over the past year. The share of full identification as a counterpart increased the past year.



In 2020, more than half of all transactions (over 4 million) were carried out in the financial services sector. Remotely followed by a million transactions each in the insurance and gaming and gambling sectors. The other sectors, including the mortgage sector and e-commerce account for a total of approximately 20% of the number of transactions.

## iDIN QR



The functionality of iDIN has been extended 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. The first merchant is live with iDIN QR in the physical environment.

## iDIN signing

In addition to identification, login and age verification, iDIN is used to sign documents online. Using the bank's login tools, consumers can identify themselves online for the purpose of signing documents online. iDIN will be extended for the signing process with a new product type that banks are implementing and are expected to have ready in Q2 of 2021. iDIN Signing will then be offered to merchants, who can implement it in their process.

This solution is based on the EU requirements for an Advanced Electronic Signature (AES), a legally valid signature. Companies that want to use iDIN Signing must purchase iDIN Signing from a DISP (Digital Identity Service Provider) with a specific certificate for the provision of signing services. Only a certified DISP can offer its business customers the possibility to integrate iDIN Signing on its website.

## DEPLOYMENT OF ELECTRONIC MEANS OF IDENTIFICATION IN CLIENT SCREENING

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The Regulation on the Implementation of the Money Laundering and Terrorist Financing (Prevention) Act (European Anti-Money Laundering Directive, AML5) has been amended, making it possible to also use electronic means of identification in client screening to establish and verify the identity of the client.

Based on the publication in the Staatscourant of 15 May 2020 (the amended Fourth Anti-Money Laundering Directive stipulates in Article 13 that customer identification and verification must be based on documents, data or information from reliable and independent sources, including, where available, electronic means of identification), we can conclude that organisations that must comply with the AML5 can now use an electronic identification process with an e-ID such as iDIN to identify new customers, for example.

## BRAND AWARENESS

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The assisted brand awareness among consumers of iDIN (with a description about iDIN and the display of the logo) has increased from 27% to 32%. Growth of brand awareness takes time, with consumers coming into frequent contact with the brand. The increase in the number of merchants in 2021 will help to increase brand awareness.

## DIGITAL GOVERNMENT ACT PASSED BY THE HOUSE OF REPRESENTATIVES

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In 2019, the government decided to start an accreditation process for private means of logging in to access government services instead of a tender. The Digital Government Act (Wet Digitale Overheid (WDO) in Dutch) sets (justified) requirements for security, reliability and user-friendliness, among other things, for private means. The Act was adopted by the House of Representatives in February 2020. The House of Representatives Committee on Home Affairs has discussed the Draft Decree on Means of Identification for Natural Persons, which further specifies the requirements for private means, during written consultations but has not yet issued an opinion on it. The Senate only wants to deal with the Act as a whole (including the underlying decrees), because otherwise the effect of the Act will not be clear. In addition, because of the announced legislative amendment, the amended version of the WDO will have to be debated and adopted again by the House of Representatives before it can be debated by the Senate. Once the Digital Government Act has also been adopted by the Senate, it will be published in the Bulletin of Acts, Orders and Decrees (het Staatsblad in Dutch) and then introduced in stages. It is anticipated that it will not be possible to start logging in with private resources in the government domain until 2022 at the earliest.

## 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 (companies offering eMandates to their customers) 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.

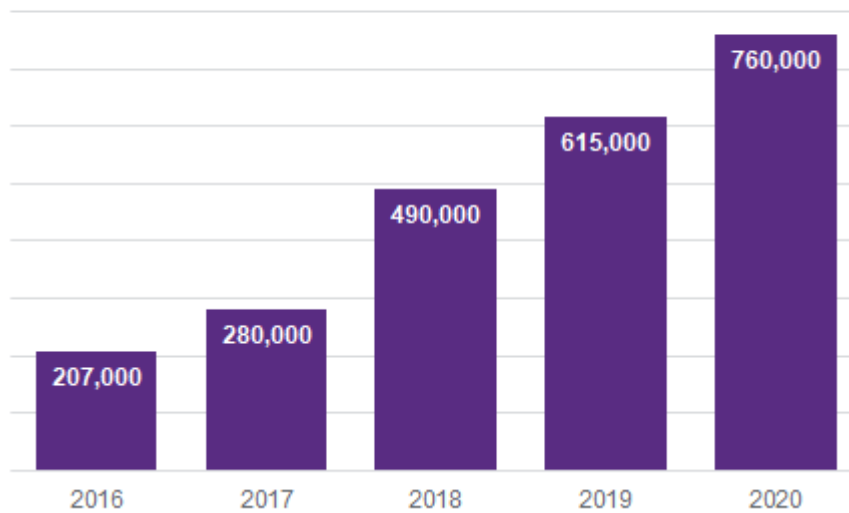
When the business variant of eMandates is used, not only the authorisation is issued completely online, but this authorisation also gets automatically registered at the payer's bank. The payer and payee do not need to do anything more to complete the registration process. This saves time and reduces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

eMandates are offered to the market by 9 licensees who enable their private customers to issue an eMandate online and by 14 licensees who offer eMandates to business customers. 27 Mandate Service Providers are 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 2020, more than 760,000 authorisations were issued via eMandates, an increase of 23% compared to 2019. Since the start of eMandates in 2016, more than 2.3 million direct debit authorisations have been issued. The number of active payees (companies offering eMandates to their customers) rose by more than 27% from 433 to 550.

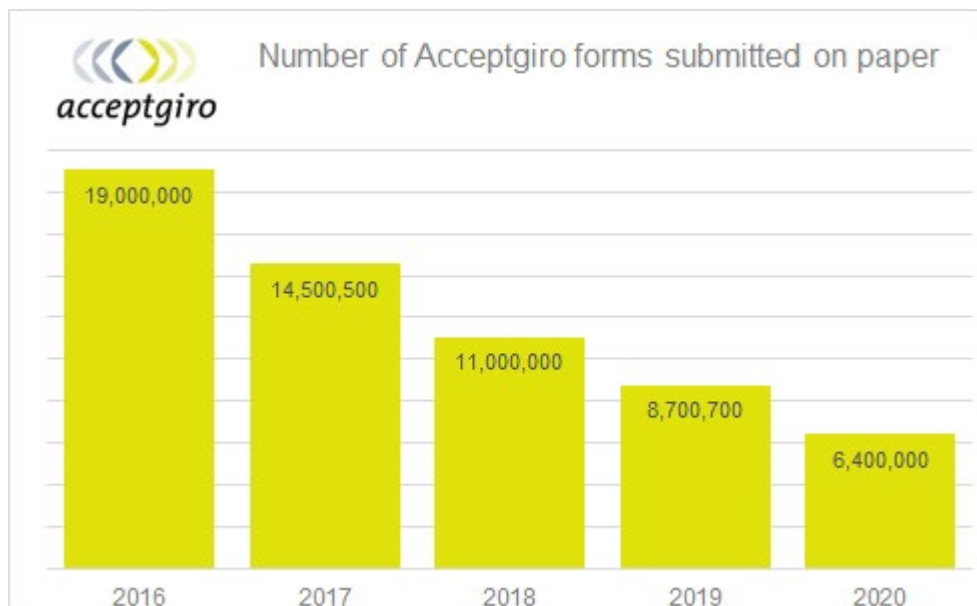


Number of issued eMandates



## PAPER PAYMENT ORDERS AND ACCEPTGIROS FURTHER ON THEIR RETURN

The number of processed paper Acceptgiros decreased by over 26% compared to 2019.



6.4 million Acceptgiros were processed. This is less than one Acceptgiro per household per year (in 2015 banks still received 24 million paper Acceptgiro forms by post). This proportionally progressive decline in the use of the hardcopy Acceptgiro, which has been going on for some years, is expected to continue in 2021.

The number of organisations that send Acceptgiro forms to their customers almost halved: from 16,600 to 9,000. Many senders are switching to cheaper, more user-friendly and more effective alternatives, such as mobile payment requests, direct debits and QR codes that can be scanned and paid for using the banks' mobile apps.

For the shrinking group of consumers who still prefer to receive payment information on paper, organisations can now use the contract-free [uniform Payment Instruction](#).

Moreover, the number of licence holders, i.e. banks that offer the Acceptgiro, has also declined.

These developments could mean that the end-of-life phase of this payment product is approaching (more quickly).



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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.