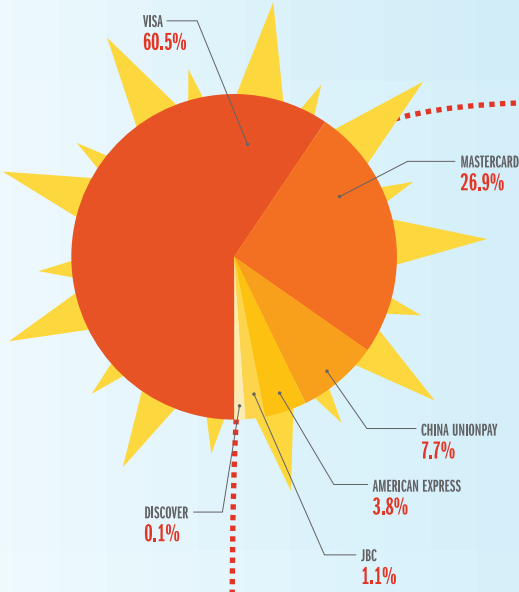


THE PAYMENT ECOSYSTEM

MARKET SHARE OF PURCHASE TRANSACTIONS WORLDWIDE *



STEP 3

TRANSACTION DATA SENT FOR AUTHORIZATION

Acquirers and processors facilitate the authorization of data, and exchange of payments between merchants, card networks and banks.

DID YOU KNOW?

For brick & mortar purchases, it takes less than 1 second to process a payment from start to finish. For e-commerce, the process is longer. Merchants apply algorithms to assess risk and detect fraud. If it doesn't pass the test, the transaction doesn't make it to Step 3.

STEP 4

CLEARANCE & SETTLEMENT OF TRANSACTION

The issuing bank receives and approves the transaction and sends payment back through the card networks, acquirers/processors and into the merchant's bank account.

STEP 5

FUNDS FLOW

The cardholder pays the card issuer or bank for the sale amount, and fees are assessed at each step.

THE DATA

Both the chip and magnetic stripe contain cardholder data, including name, zip code, expiration date and number. The merchant collects and encrypts this data at the point of entry (swipe, dip, tap or scan).

START HERE ▶

STEP 1

ACCOUNT SET-UP

Cardholder sets up an account with the bank. This can be a checking, direct deposit, prepaid, line of credit or mobile account.

STEP 2

TRANSACTION BY CUSTOMER

Cardholder makes a purchase by swiping, dipping, tapping or scanning to access their account. This is considered a "pull payment" — when the merchant pulls \$ from the account.



* SOURCE: "HOW WE PAY - New ways of moving money". Bloomberg Markets Magazine (October 1, 2014).