

## A Partner in e-Commerce Success

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Samy Touboul, the Head of e-Commerce Team writes about the growth of e-Commerce as one of the most important developments in business-to-consumer, and increasingly business-to-business models in recent years.

The growth of e-Commerce is one of the most exciting developments we have seen in both business-to-consumer, and increasingly business-to-business models in recent years. In 2014, e-Commerce in Europe grew by more than 14%, despite European GDP increasing by only 1.6% (source: e-Commerce Europe). While the UK, Germany and France are ranked as the strongest e-Commerce markets, markets in Central & Eastern Europe are also experiencing rapid growth. Given the rise of e-Commerce in an otherwise sluggish economic environment, there is significant competitive pressure on companies to exploit new customer engagement and sales opportunities, which demands innovative banking solutions and expert advisory services.

### **A new commercial model**

e-Commerce represents far more than simply a shift from traditional sales to online sales. Instead, at BNP Paribas, we are witnessing, and in many cases driving, entirely new business models that are overturning traditional supply chains and distribution models. Our dedicated e-Commerce team works with both 'pure' e-Commerce players (i.e., those whose sales model is entirely online, such as online marketplaces, e-retailers and online gaming companies) but also businesses that combine both traditional and e-Commerce sales models (consumer goods, insurance, utilities, retailers, energy companies etc.) In addition, changing business models are giving rise to a growing number of e-marketplaces, that welcome all merchants across the relevant product ranges, and facilitate customer orders and payments on their behalf. In some cases, these marketplaces also offer additional services such as logistics to offer merchants and customers a 'full service' experience.

e-Commerce players include not only those who are engaging with consumers, whether directly or via an e-marketplace, but also the companies that support their activities. For example, a generation of new payment service providers (PSPs) is emerging to meet the demands of e-Commerce players, which aim to offer a high quality payment experience to both buyers and sellers.

### **Enhancing sales performance**

As new and potentially disruptive sales models emerge, companies are relying on new services from their partner banks. BNP Paribas has established a market-leading position in supporting and promoting effective, secure e-Commerce and m-commerce models that deliver a high quality customer experience, a strong conversion rate from browser to buyer, and ultimately growth and competitive advantage. In addition, we are the partner of choice for PSPs to provide the transaction services that underpin their solution offerings.

One of the key reasons why e-Commerce players of all types, including e-retailers, traditional industries, marketplaces and PSPs choose to work with BNP Paribas is our commitment to helping them to measure and improve sales performance. This includes both sophisticated solutions, and advisory services to maximise success. For example, a key metric is the number of browsers who ultimately make a successful purchase. This involves monitoring both the number of users who make a purchase (which companies themselves can usually monitor accurately), and also the number of payment failures and rejections that interrupt or terminate intended purchases. We work in partnership with customers to monitor these key metrics, find ways to refine the customer experience, identify points of weakness in the transaction process and inform decisions on the payment methods that result in the highest rate of conversion and lowest number of declines.

### **Maximising acceptance**

An effective e-Commerce model relies on convenience for customers, but equally, the payment process needs to be robust and secure. We have partnered with Ingenico ePayments, which is connected to our domestic and European acquiring platforms, and virtually all of our acquiring partners to maximise convenience and confidence for customers. We also have a partnership with leading provider Worldline to integrate their Mercanet solution on a white-labelled basis solution to combine acceptance and acquiring through a single point. BNP Paribas is already one of the top 10 acquirers in Europe and we continue to increase our market share and depth and breadth of offering across the region. In 2015, we processed more than two billion transactions with a value of €60bn, of which 250 million (€15bn) were e-Commerce transactions, representing 28% of e-Commerce market transactions, and a 20% increase on 2014. In addition to our strong domestic offerings, we were also the first bank in France to offer a cross-border acquiring platform to support clients' international growth objectives.

### **Minimising fraud**

While e-Commerce players actively monitor and seek to maximise conversion rates, they also need to measure and minimise the number of actual or attempted fraudulent transactions. Fraud prevention is an area in which BNP Paribas has a leadership position. As companies expand their sales models internationally, they particularly appreciate our ability to help them achieve consistent business practices whilst supporting local payment cultures and instruments and providing comprehensive fraud prevention. We do this in a variety of ways across our network, including offering advice and solutions such as 3DSecure (a solution that prompts buyers to authenticate transactions with a security code sent to their mobile phone). While some sellers are concerned that introducing security tools will interrupt the user experience and therefore reduce the conversion rate, we help companies to achieve a balance between maximising conversion and minimising fraud, integrating fraud prevention solutions as seamlessly as possible into the buying process.

In order to decrease fraud exposure, we propose the Ethoca network to our merchants, a unique database of cardholder-reported fraud. The Alerts by Ethoca service notifies merchants as soon as a fraudulent transaction has been confirmed by a cardholder, allowing them to halt delivery of goods, limit losses related to fraud, and avoid chargebacks.

### **Bespoke needs and solutions**

Although e-Commerce is a convenient banner, it does not reflect the diversity of needs and priorities for different players, and therefore the solutions that they require. At BNP Paribas, we have designed a suite of solutions, partnerships and advisory services to meet the specific needs of each type of e-Commerce players. e-marketplaces, for example, a phenomenon that is growing rapidly in France and other parts of Europe, have distinctive requirements, such as:

- Comply with the European Payment Services Directive as they are processing payments on behalf of merchants. As a result, they either need a payment institution licence of their own, or operate under another organisation's licence. Obligations as a payments institution including compliance with PSPs' know your customer (KYC), anti-money laundering (AML), and anti-terrorism regulations, which can result in significant cost and complexity.
- Hold customer payments separately from the e-marketplace's own cash (as opposed to co-mingling), requiring specific account structures to be established.
- Connect into payment acquiring facilities.

For selected merchants, BNP Paribas offers solutions that address each of these requirements. We enable e-marketplace customers to operate as agents of BNP Paribas, so they do not require their own licence. As a result, we conduct KYC, AML and anti-terrorism checks on their behalf, reducing the cost and complexity of regulatory compliance significantly. We offer sophisticated cash management solutions to enable e-marketplaces to define appropriate account structures, and provide sophisticated payment solutions and card acquiring facilities.

### **A partner in best practices**

In addition to our international network and the quality and depth of BNP Paribas solutions, e-Commerce players are particularly attracted to our advisory solutions. Many of these companies are growing very rapidly, both in their home markets and overseas, so they value BNP Paribas knowledge of industry best practices and practical approach to implementing solutions that will allow them to meet their current and future strategies. In addition to e-retailers, a growing number of industries, such as insurance, utilities, energy, government and public sector bodies amongst many others are embracing e-Commerce models, both domestically and internationally, so they welcome the combination of depth of international offering, expertise and solutions that we offer to allow them to develop the innovative business models that will result in competitive advantage and growth.

BNP Paribas dedicated e-Commerce function is pivotal to our strategy to retain and strengthen our position as Europe's leading e-Commerce bank. We continue to create innovative solutions, provide expert advisory services, share practical experience and partner with leading industry players to support clients in their objectives to increase conversion, fight fraud and expand internationally. We are continuously expanding and enhancing our service delivery, both in the depth and reach of our offerings, including new currencies such as PLN and Nordic currencies as part of this endeavour, to meet our clients' local, regional and global e-Commerce objectives.

# Netherlands Antilles

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