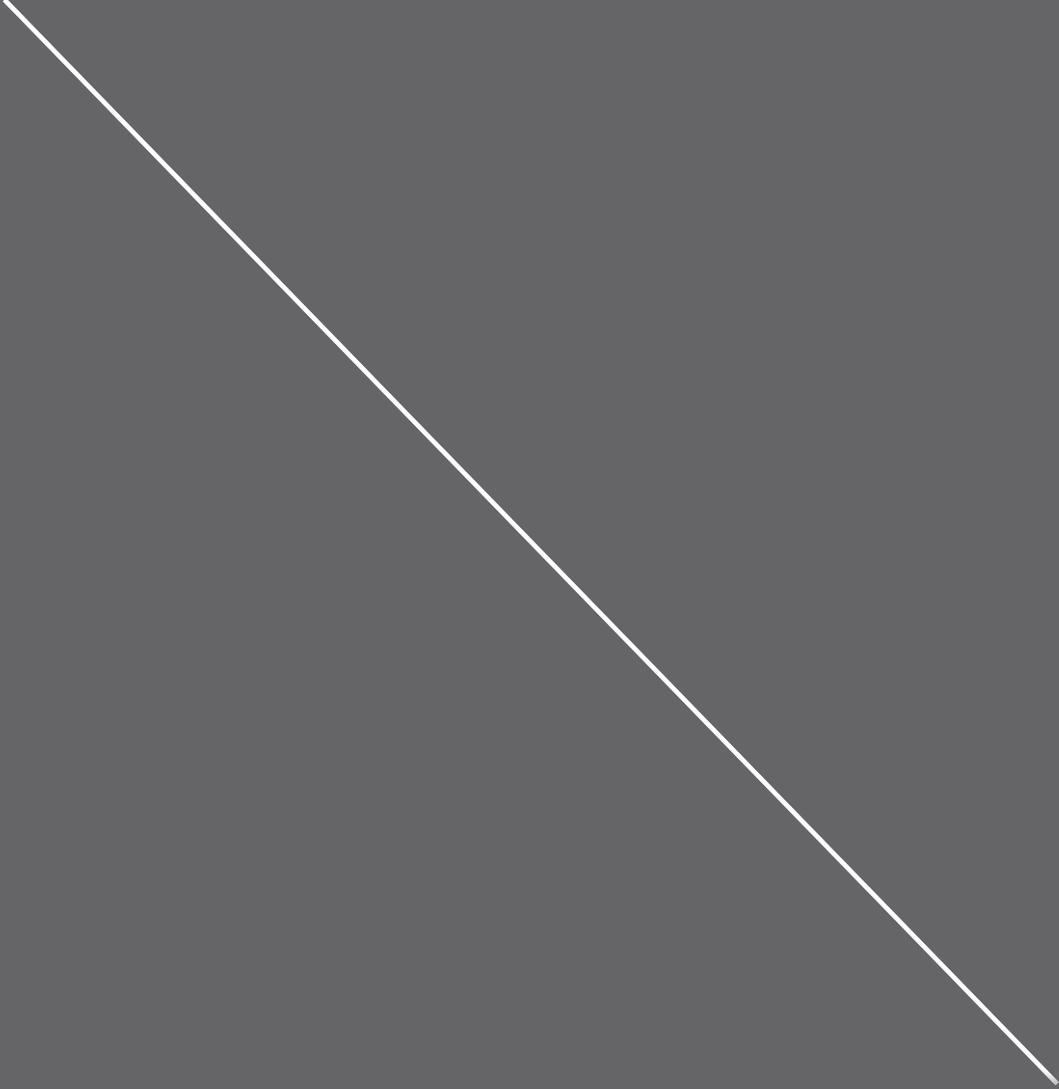


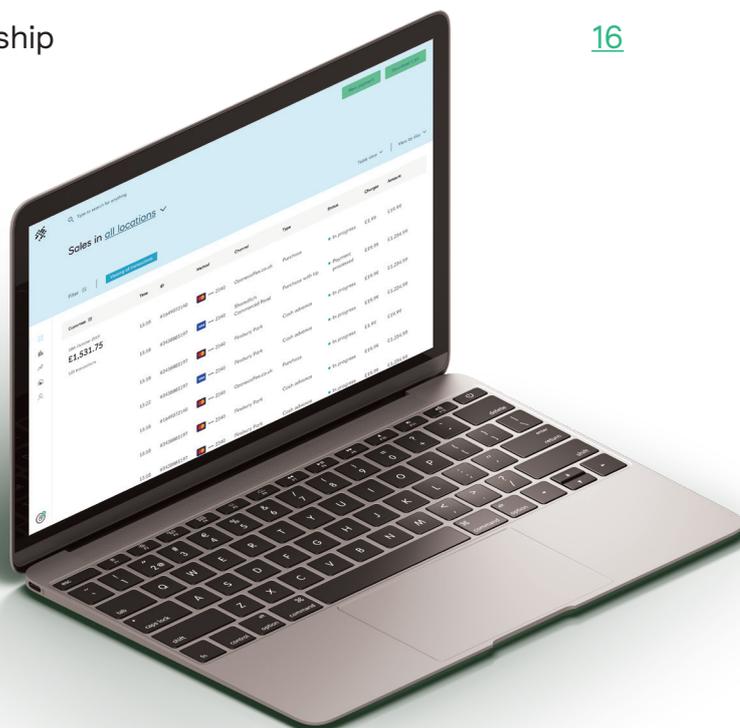
RECONNECTING BANKS AND BUSINESSES THROUGH PAYMENTS



The time for banks is now.

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01 INTRODUCTION

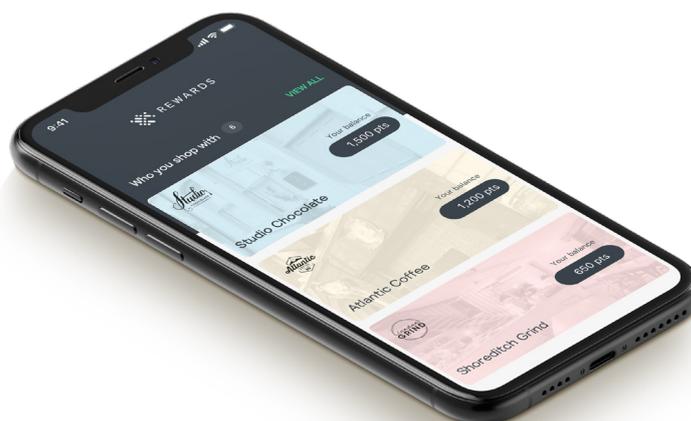
The payments industry has had a lucrative decade. Processing continues to commoditise as companies like FIS, Nexi and Fiserv look to benefit from economies of scale. Mastercard and Visa both continued to report double digit, year-on-year growth in value and transactions via their card brands. Payments companies like Square and Shopify have emerged that see the value in the merchant relationship and the payments data - and now have valuations that are larger in terms of market capitalisation than the banks. And the Tech-Fins continue to move in to payments. Amazon announced they would be offering business financing - with the back end provided by Goldman Sachs, and Apple bought Mobeewave, allowing them to turn smartphones into payment terminals.

Banks remain at the bedrock of society - providing the capital and expertise that lubricates the wheels of the economy. So many of a bank's assets are stronger than ever. But digitally native disruptors pose a risk to banks and the relationships they have with their business customers - especially SMEs, who are their main targets. As merchant expectations rise, banks and processors are often encumbered with legacy infrastructure which is efficient, but unable to provide the integrated digital experience that merchants now expect.

Enter Pollinate. Founded in 2017, Pollinate is a global business with over 100 staff, headquartered in London. Investors include Mastercard, NatWest Group, National Australia Bank (NAB), EFM Asset Management and Motive Partners. We believe that processing is commoditising, but acquiring is not. And that banks are best placed to provide businesses with the integrated set of services they need to survive and thrive. Transforming the profitability of a traditional acquiring business, our data and digital experience platform provides banks the tools to fight back against digital disruptors. Our platform is terminal, processor and gateway agnostic, is live in the UK as Tyl by NatWest, and soon to be deployed in other markets.



 [Introduction to Pollinate](#) Password: P0111nate





“This merchant acquiring and payments proposition is an important step forward and reiterates our commitment to harnessing the revolution in new technologies so that our customers can remain focused on growing their businesses.”

– ALISON ROSE, CEO, NatWest Group

02 TRANSFORMING ACQUIRING

Working with one bank in each territory, Pollinate is creating an alliance of like-minded banks committed to building the next generation of payment and merchant services for SMEs. In deploying the Pollinate platform, these banks are embedding payments in the heart of an exceptional merchant experience, and placing banks at the heart of the payment ecosystem.

Pollinate helps banks in three different situations:

1. Market entry: A bank that has not previously been an acquirer and wishes to set up the entire architecture of an acquiring business
2. Market re-entry: A bank that has a referral agreement to a third party, but wishes to take control of the merchant relationship and data. This may involve building the internal architecture of the acquiring business (although some may already exist), and may also involve merchant migration
3. Transformation: A bank that has an existing acquiring business that they wish to transform



03 THE IMPORTANCE OF SMEs

SMEs are the foundation of the global commerce. By any measure, their collective power and importance dwarf that of global corporations. Across the world they account for 90% of businesses and 50% of employment.

For banks, despite the scale of their retail bank, or noise about the investment bank, SMEs remain an important customer segment with steady Returns on Equity in the high teens. Historically this segment has been very hard to support – with relationship manager coverage being either sparse or expensive. Most banks understandably focused on helping SMEs navigate the bank, rather than risk mis-selling products that were not sufficiently well understood.

Today the value of the SME customer is well understood, and they have become easier to serve at scale through data and digital tools. And in this period where interest rates are ‘lower for longer’ (and possibly negative) it’s one of the few areas where banks can generate fee based income that is not based on ‘errors and omissions’ by clients but on genuine added value they are prepared to pay for.

As well as driving fee-based income, retaining ownership of the merchant relationship gives banks the opportunity to benefit from the well-established and highly lucrative affiliate marketplace industry. Introducing merchants (and consumers) to relevant products and services is not a new idea. But few banks have historically benefited from the rich seam of revenues these introductions can provide.

04 OWNING THE MERCHANT RELATIONSHIP

Traditionally, the bank manager would be the first port of call for SMEs, but a company’s options are now far broader. Today’s retail environment is more complex, and a plethora of fintechs have emerged offering services traditionally associated with banks. Today’s small business has had to become a systems integrator – forced to piece together a set of different stand alone products. But not for long.

Silicon Valley has recognised the importance of the merchant relationship. Payments companies like Square and PayPal are making a landgrab for merchants – trying to push banks down the value chain. And in doing so they have become more valuable than the banks themselves. These companies have a core competency in providing slick, customer centric digital products – and quickly adding new features as the market conditions change.

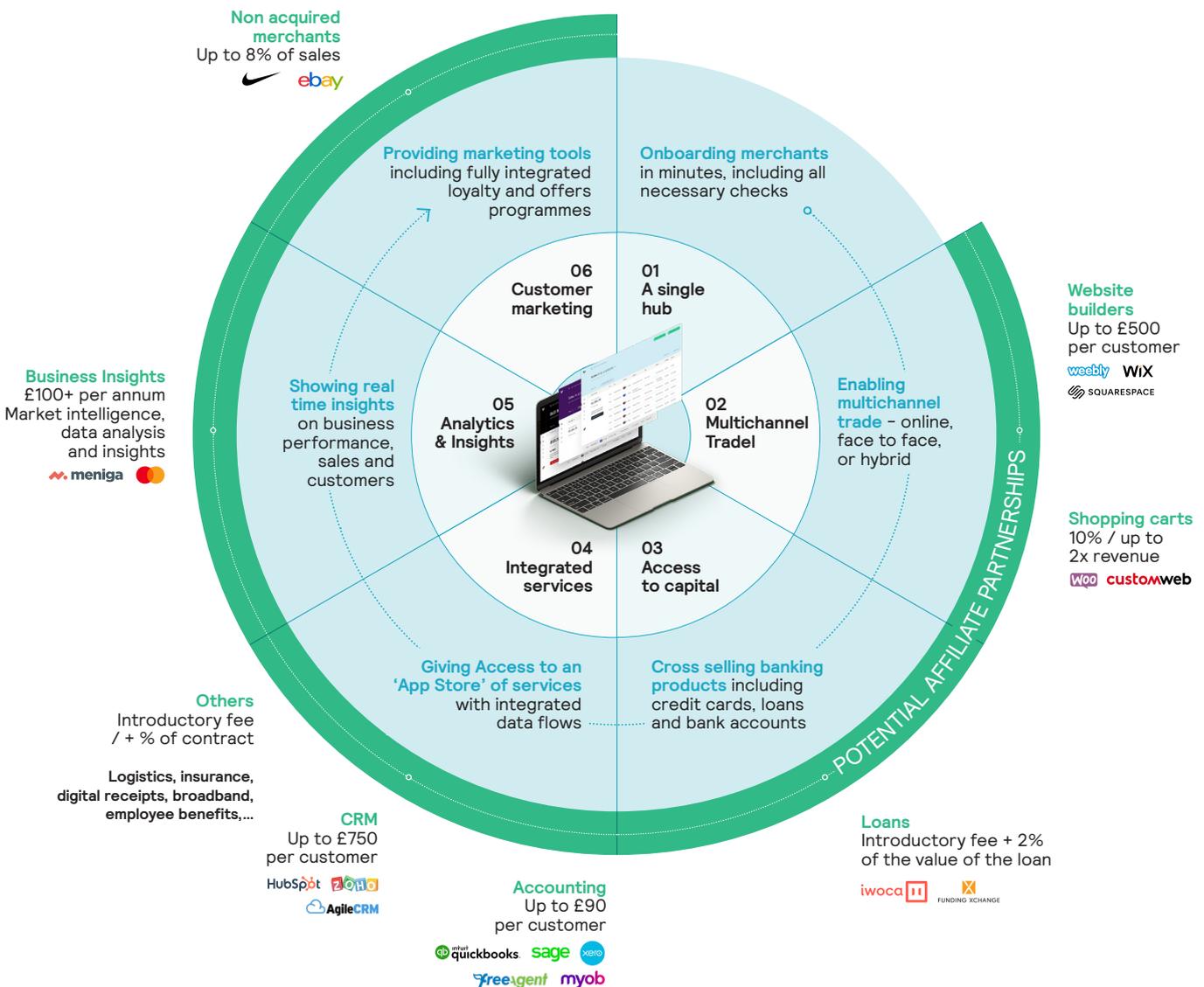
As a result, banks are seeing companies like Square, Shopify, Stone and Tyro tempt away not only their acquiring customers, but also some core banking services like lending. Banks and their processors have highly efficient systems, but often lack the front end experience layer that meets today’s ever growing merchant expectations.

05 ENTER POLLINATE

Pollinate partners with banks to re-establish their central role in the lives of businesses

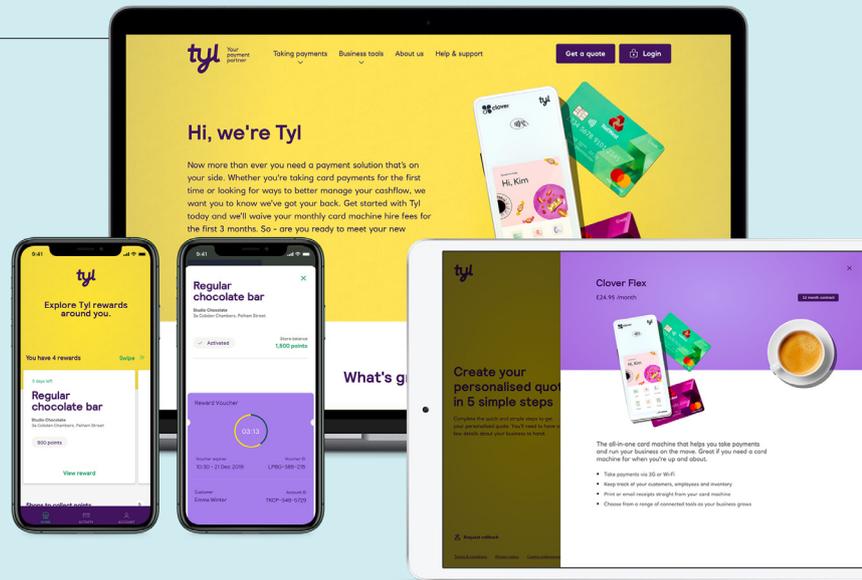
Pollinate gives banks a modern toolkit for businesses. We partner with banks to transform their merchant acquiring businesses, so they can compete with digitally native challengers, and to re-establish a central role in the lives of merchants and the communities they serve. Cloud based and non-intrusive to implement, the Pollinate platform is a data and digital experience layer that can sit on top of existing bank systems.

The core proposition gives SMEs the tools they need to manage and grow their businesses in a single place – brought to them by their bank. This includes proprietary tools, developed by Pollinate, and integrations with a range of relevant third parties. These third parties often pay for a successful sale to a small business, creating the potential for significant new revenue streams for the bank.



CASE STUDY:
TYL BY NATWEST

RE-ENTERING ACQUIRING & INNOVATING FOR MERCHANTS



After divesting their merchant acquiring business (Worldpay) following the global financial crisis, NatWest entered an agreement to refer all inbound acquiring leads. The bank believed strongly in the strategic and commercial value of bringing the merchant relationship back in-house, and saw an opportunity to re-enter merchant acquiring at the end of the referral agreement.

NatWest wanted a solution that served a merchant’s broader needs, brought them closer to their customers, and went way beyond the transaction. To develop the solution and take the bank back in to acquiring, NatWest formed a partnership with Pollinate.

By partnering with Pollinate, NatWest was able to marry the benefits of their strong brand and distribution, with the speed, agility and specialist knowledge of Pollinate. Together, both companies were able to leverage the latest flexible and rapidly-deployable cloud technology combined with a deep understanding of merchant acquiring, payment systems and merchants’ needs. The result: a new business – Tyl by NatWest. With a high net promoter score (NPS) and a clean, permissioned data set, Tyl was the start of a new conversation between the bank and its business customers who want a simple, innovative payment solution.

As NatWest was re-entering merchant acquiring with a clean slate, Pollinate provided end-to-end support including:

- Creating a new brand and over 100 new business processes with associated policies and documentation
- Running an RFP for processing, gateway and terminals, then integrating with Clover and Ingenico terminals, Clover terminal software and Fiserv’s strategic processing and gateway stack
- Deploying the Pollinate platform, including onboarding, merchant and customer service portals, and the consumer app

79 NPS
For Onboarding

80%
Ease of use

- ✓ Processing
- ✓ Gateway
- ✓ Terminals

2016 2017 2018 2019 2020 2021

SCOPE

- Agree goal with NatWest to create world class end-to-end solution that began with merchant acquiring
- Assemble the Pollinate team from specialists in acquiring, data, technology and loyalty

BUILD

- Selected Microsoft, Fiserv and Endava a strategic partners
- Put together the underlying infrastructure for the acquiring business
- Design and build the Pollinate platform – cloud based data and digital experience layer
- Ground-up creation of operating model and business processes
- First payment – December 2018

LAUNCH

- First release of Pollinate Platform
- Tyl by NatWest formally launched in September 2019
- 1,000 live merchants by year-end

SCALE

- Multiple awards for banking and payments innovation
- Fastest growing acquirer in the UK, with more than £10m transactions processed a year from launch
- New features rolled out, including Xero integration and Loyalty

Benefits for Tyl’s SME customers:

- ✓ A business transformation – not a technology project. Speed to market was key
- ✓ Unlocking new pools of value for both bank and merchant (additional services, loyalty, offers)
- ✓ Focused on the customer experience (new brand, digital journeys, call centre tone and scripting, pricing strategy etc.)

06 THE POLLINATE PLATFORM

A data and digital experience layer compatible with any underlying infrastructure and any digital payment

✔ Works with any underlying infrastructure

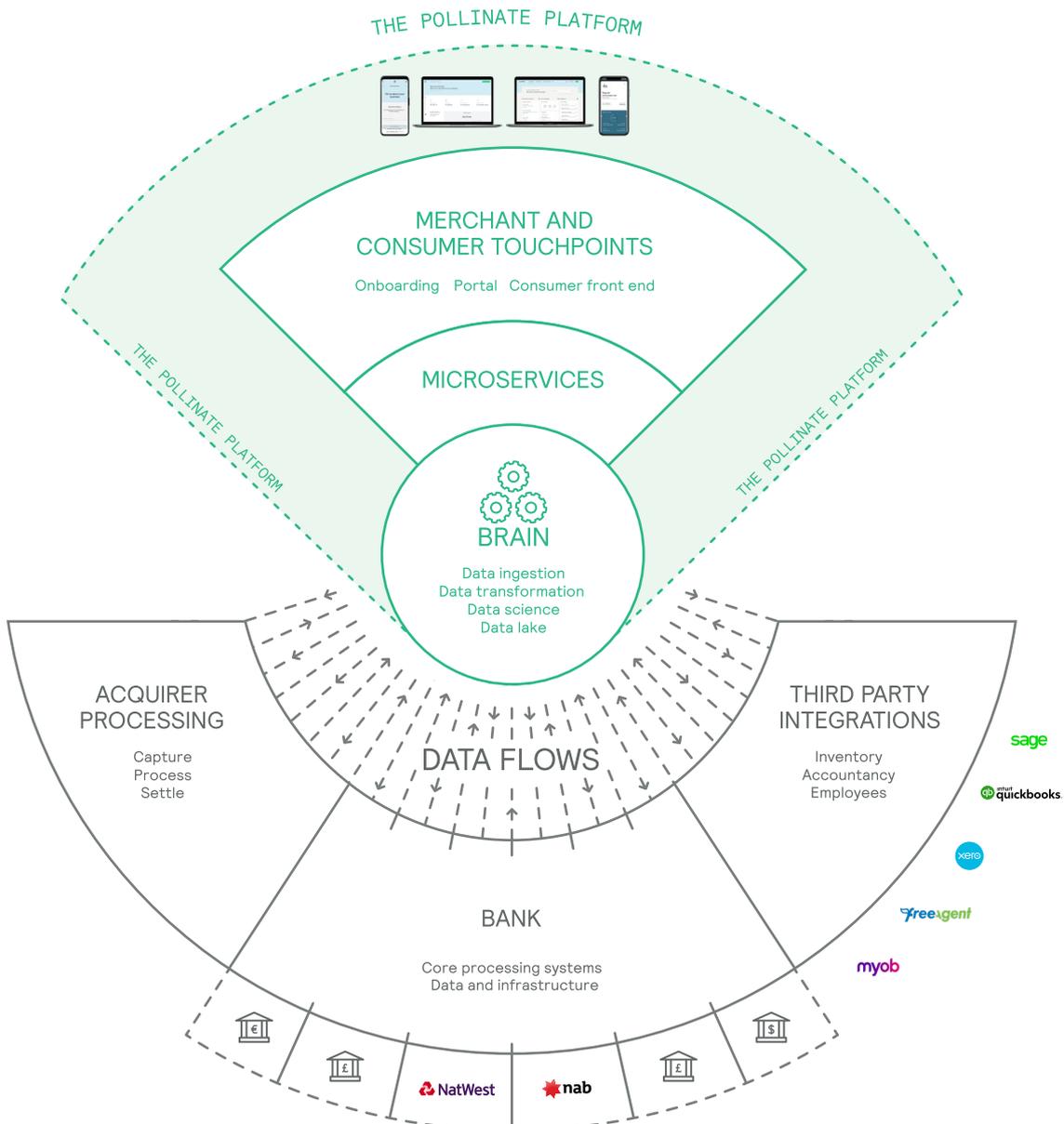
- Gives banks a modern, bank-grade toolkit for their small and medium sized businesses
- Is a cloud based data and digital experience layer that can sit on top of existing infrastructure (terminal estate, processor, gateways)
- Is non invasive to implement and remains outside the financial flows

✔ Is bank grade

- Fully GDPR compliant
- All critical data that resides within the platform minimised, obfuscated and tokenized so that even a breach would not compromise PII
- Each bank has their own segregated version of the platform, in a stand alone cloud instance, locally hosted and operated under bank governance

✔ Puts the bank in control

- Bank chooses the branding
- Bank is the acquirer of record
- Bank owns the merchant relationship
- Bank specifies localisation requirements (e.g. languages, timezones, currencies etc.)





“Real-time data that delivers greater insights into what customers want, when and how they want it, can be transformative to a small business. Leveraging Pollinate’s platform, NAB will be able to give businesses the information they need to make decisions about their daily sales at their fingertips.”

– ANDREW IRVINE, GROUP EXECUTIVE FOR BUSINESS & PRIVATE BANKING, NAB

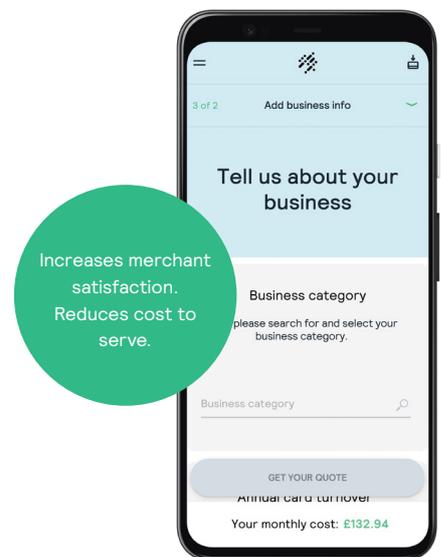
The platform comes to life for merchants, consumers and staff through four modern digital interfaces – brought to them by their bank.

Banks can choose which components of the platform to implement, and apply their own branding.

06.1 ONBOARDING

The start of a new conversation between a merchant and their bank.

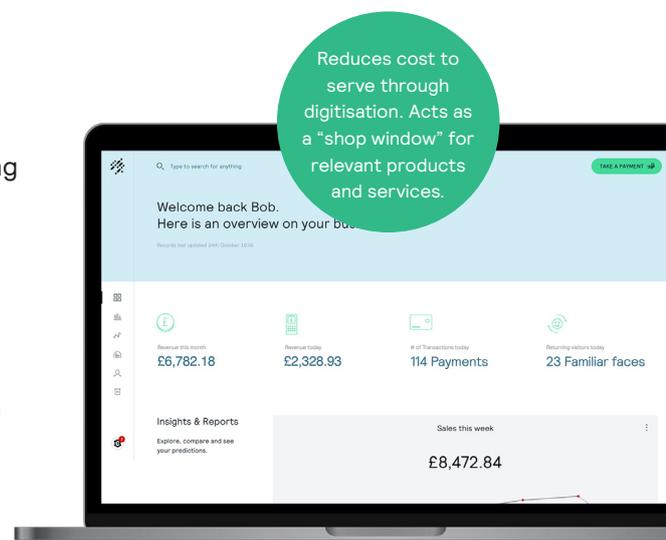
- End to end digital quote (in 90 seconds) and merchant onboarding (including all necessary risk and compliance checks in 5 minutes)
- The smart onboarding journey identifies merchants with specific needs and directs them to appropriate alternative channels
- Appealing to many SMEs, and the perfect method to onboard micro merchants at high volume, and low cost, thereby increasing the profitability of these merchants
- The digital journey is optimised to be completed on any device, and is multi-channel – with call centre agents able to see where a merchant has got to and complete the journey over the phone if a merchant prefers



06.2 MERCHANT PORTAL

The digital hub of a merchant's business.

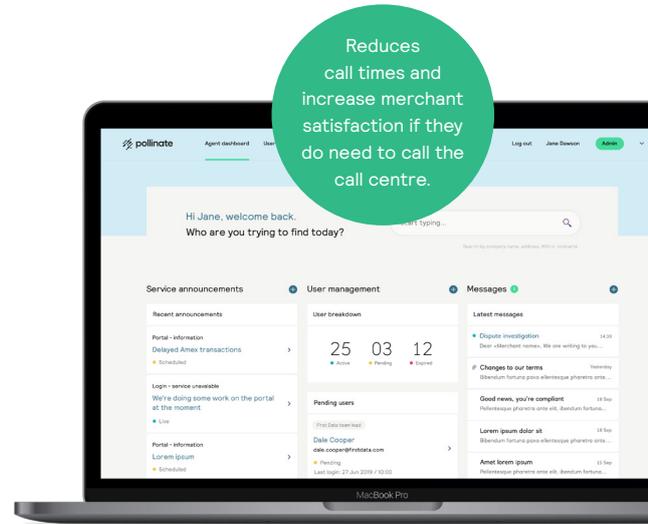
- The merchant portal focuses on reducing cost to serve by quickly displaying the data a merchant wants to see and digitising common activities (e.g. adding a terminal)
- It also drives revenue by acting as the shop window to display relevant bank and third party products to merchants. These include:
 - Access to capital (e.g. credit cards, loans, cash flow lending)
 - Integrations (e.g. accountancy packages, inventory management)
 - Marketing tools (e.g. integrated digital loyalty program)



06.3 CUSTOMER SERVICE PORTAL

Facilitating a better customer experience.

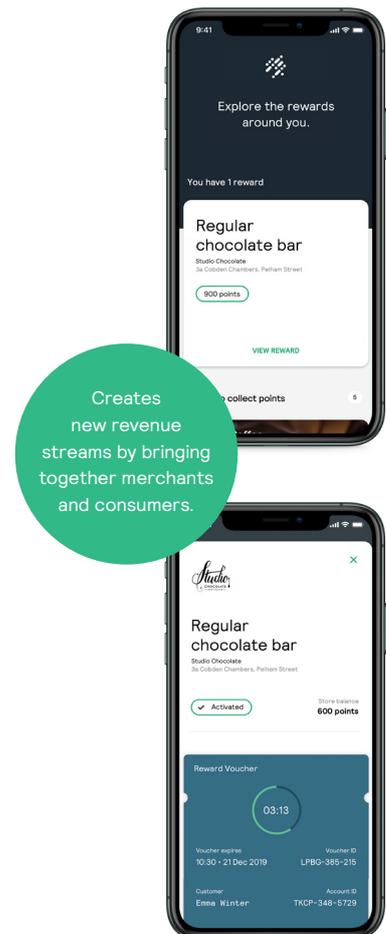
- The merchant facing portal is complemented by a support portal for customer service teams, allowing customer service staff to see what a merchant is seeing. Using this tool, staff are able to:
 - View documents related to each merchant e.g. during due diligence referral cases
 - See the merchant's version of the portal as they see it, in order to solve usability queries
 - Communicate securely with the merchant e.g. when sending sensitive documents, for example during a dispute
 - Display marketing messages and service announcements



06.4 CONSUMER APP

A marketing platform for merchants – a relevant and rewarding experience for consumers.

- Marketing programs have historically been restricted to large retailers – or require significant additional hardware, staff training and changes to consumer behaviour
- With the Pollinate platform, a bank's acquired merchants can choose whether to deploy a loyalty program or not. If they want to, they can turn on a card linked loyalty scheme in a few clicks, don't need any additional hardware, and minimal staff training. They are in control of the cost of the program, as they set the rewards
- Consumers add their payment card details and see all their SME loyalty programmes in one app – discovering offers from merchants they like, and new merchants they might like
- The consumer app is built as a collection of APIs which can be consumed by a bank's mobile banking app, as well as deployed in a standalone app (for those banked with other banks)



 Hear from the merchants Password: P011nate

07 TRANSFORMING PROFITABILITY

The Pollinate platform not only provides the digital experience layer that merchants now expect, it also transforms the profitability of a traditional acquiring business. It does this by driving operational efficiencies that make the merchant relationship cheaper to acquire and maintain, and by driving revenues from the ‘shop window’ that a highly engaging digital hub creates. This ‘shop window’ is used to promote functionality native to the platform (e.g. loyalty, insights), existing bank products (e.g. lending) and also third party products (e.g. accounting, logistics, employee management) to the right merchants at the right time. This allows banks to tap in to the well established and highly lucrative affiliate marketing industry, in a responsible and relevant way.

A traditional acquiring business has the following revenue streams:

- **Card transaction fees:** A card transaction fee (or merchant service charge) is the fee that the merchant pays every time they accept a card payment. The implementing bank fully controls their own pricing, but in most markets, this is likely to be 60%–70% of the net revenue stream.
- **Acquiring value added services:** An acquiring value-added service is every other service that a merchant might need to take payments and that complement the core activity of accepting card payments (e.g. POS terminal rental, PCI compliance services, or Dynamic Currency Conversion). Similarly, for card transaction fees, an implementing bank will set their own prices, but this can be a highly attractive secondary revenue stream.

By implementing the Pollinate Platform on top of their existing processor, gateway and terminal estate, a typical bank with tens of thousands of merchants can expect the following incremental business benefits*:

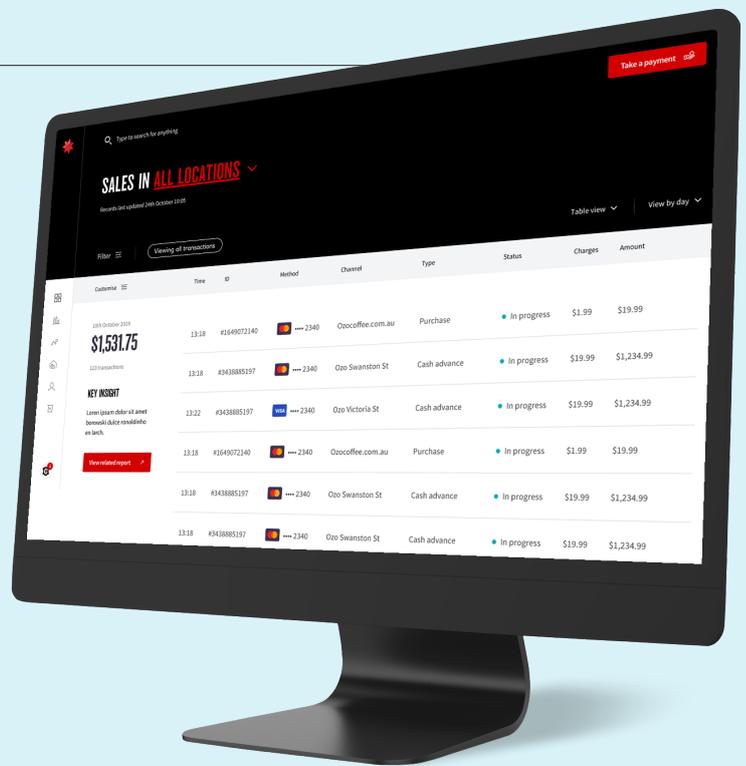
Cost savings	Allows banks to offer experiences in line with digital disruptors	<ul style="list-style-type: none"> • Lower cost of acquisition • Reduced churn
	Saves an existing merchant acquiring bank £10m+ per annum in reduced operating costs	Example from a bank business case <ul style="list-style-type: none"> • Digitised ‘self service’ onboarding (c.£1m p.a. cost saving) • Digitising statements (c.£2m p.a.) • Reduction in call centre volume (c.£1m p.a.)
Merchant and revenue growth	Increases market share	<ul style="list-style-type: none"> • Increases win rate through superior merchant proposition and experience
	Maximises the value of the merchant relationship	<ul style="list-style-type: none"> • Promotes core banking products (business loans, overdrafts, invoice financing, insurance) • Charge for platform functionality (e.g. insights, loyalty)
	Creates a marketplace – connecting business and personal customers with each other, and with relevant third parties	<ul style="list-style-type: none"> • Allows acquired merchants to send relevant and rewarding offers to consumers • Promotes relevant third party products to merchants (e.g. Xero integration) and to consumers

* Based on analysis conducted by a Pollinate partner bank



CASE STUDY:
NATIONAL AUSTRALIA BANK

DIGITALLY TRANSFORMING THEIR EXISTING ACQUIRING BUSINESS



One-third of Australian SMEs bank with NAB, and supporting them with effective business toolset has never been more important. NAB is looking to digitally transform their merchant experience giving their merchants access to digital tools, insights and payment solutions.

NAB's implementation of Pollinate's global cloud-based platform will help their SME customers better manage and grow their businesses, drive significant efficiencies through digitisation of customer support and establish a new route for the bank to deepen the relationships with their merchants.

Working with NAB's existing merchant acquiring infrastructure – which includes a processing platform, payment gateways and terminals – the Pollinate solution will help NAB extend their lead as Australia's biggest business bank.

- ✓ In-house processing
- ✓ Multiple gateways
- ✓ Multiple terminals

NAB is a sizable existing acquirer with hundreds of thousands of merchants. Pollinate is working with NAB to digitally transform their acquiring business, with the following expected benefits:

- Reduction in call volume
- NPS improvement
- Keep up with the market

2020

SCOPE

- NAB and Pollinate conduct detailed discovery workshops to understand the Australian market context, NAB's objectives and the fit of the Pollinate platform
- NAB and Pollinate agree a multi-year partnership to implement the platform

PLANNED → 2021

LAUNCH

- Roll out commences H1, with features and insights that will make the portal useful to merchants from day 1
- Collaborative rollout planning process to ensure high levels of product satisfaction and use

2021-22

SCALE

- Roll out of additional Pollinate capability for merchants (e.g. accountancy integrations, deeper merchant insights)
- Support Portal implemented for customer service staff – increasing efficiencies and cost savings

Benefits for NAB's SME customers:

- ✓ Business data and insights with Integrated omni-channel reporting
- ✓ Making it faster and simpler through customer focused self service experience
- ✓ Help in growing their business and attract new customers through value added services

08 SCALING IN PARTNERSHIP

Pollinate licenses its platform to our partner banks. To enable faster and cheaper innovation for banks, we have a single platform for all to benefit from. Specifically:

- **One platform:** All bank partners share the same core platform. The platform is hosted in separate instances (specific to each bank) to protect data privacy and conforms to local regulatory requirements
- **With flexibility:** Bank partners can request customisations, which are payable by each bank. All bank partners benefit from developments and customisations carried out in other markets
- **Geographic exclusivity:** Pollinate does not give functional or feature exclusivity, but can offer geographic exclusivity

Once the platform is implemented, partner banks pay a one off fee for each acquired merchant, and an annual tenancy fee. The annual fee increases if merchants choose to use additional elements of the Pollinate platform, creating a win-win for the bank and Pollinate. Banks also pay a platform-as-a-service fee for the hosting and maintenance of their instance of the platform. Revenues from using the product as a “shop window” to promote relevant third party products and services are shared between Pollinate and the bank.

A TIME LIKE NO OTHER

Digital disruptors continue to increase in popularity. But banks remain key to merchants, consumers and local communities.

With the widespread impact of Covid-19, business has rediscovered the critical role that banks play, and more than ever need a true partner who can help them to survive and thrive.

The time for banks is now.





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