

Payment Systems and Personal Data

Localization of Russian payment data for international online retail and service outlets

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HEADQUARTERED IN AMSTERDAM, THE NETHERLANDS

- 2003 • International Payment Service Provider, founded in Amsterdam (NL)
- 2005 • One of the first payment service provider to enter the Russian market
 - One of the first processing airline tickets and mobile operators
- 2015 • Representative offices in several countries
 - Processing more then 160 world-currencies
 - Full compliant with current legislation of the Personal Data Protection

1. Total volume of online payments in Russia by bankcards will exceed 1 trillion rubles in 2015;
2. Crossborder transactions in Russia will take up to 30% of total online payments by cards in 2015;
3. Federal law “On Personal Data” as System Changer of Russian PSP market.

1. Russian e-commerce card payments market prediction for year 2015

1. Despite the slowdown in growth in 2015, the Russian market of online payments continues to grow faster than many other industries;
2. Will exceed the 1 trillion Rubles mark in year 2015, which is 1.4% of GDP;
3. CAGR* for period 2016 - 2020 is + 32% (based on Morgan Stanley study).

* Compound Annual Growth Rate



1. Russian e-commerce card payments market prediction for year 2015

Total Russian e-commerce market will exceed 1 trillion. Rub.

Top 5 markets*

Avia -	307.5
Rail -	105.1
Mobile -	61.6
Retail -	151.2
Finance -	242.4

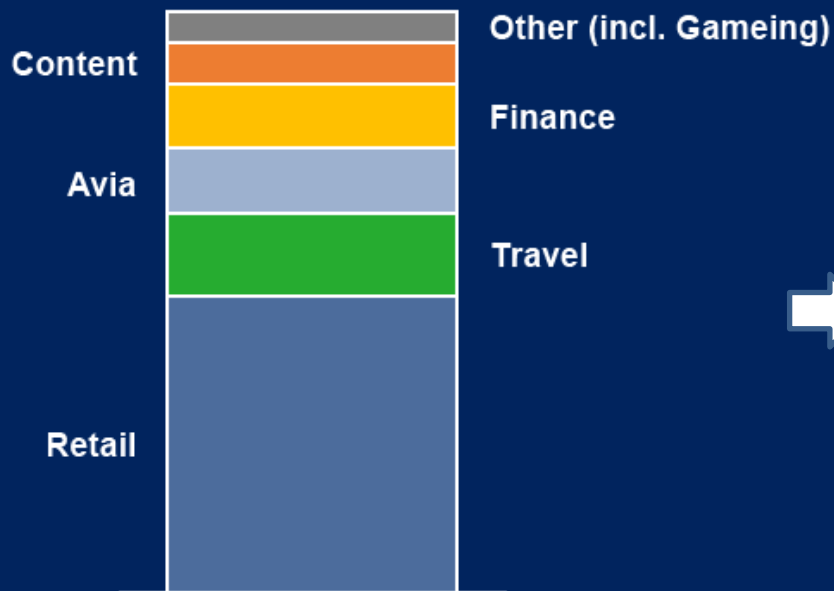
Others

Travel -	62.5
Utility -	37.5
Content -	39.5
Other (incl. Gaming) -	22.7

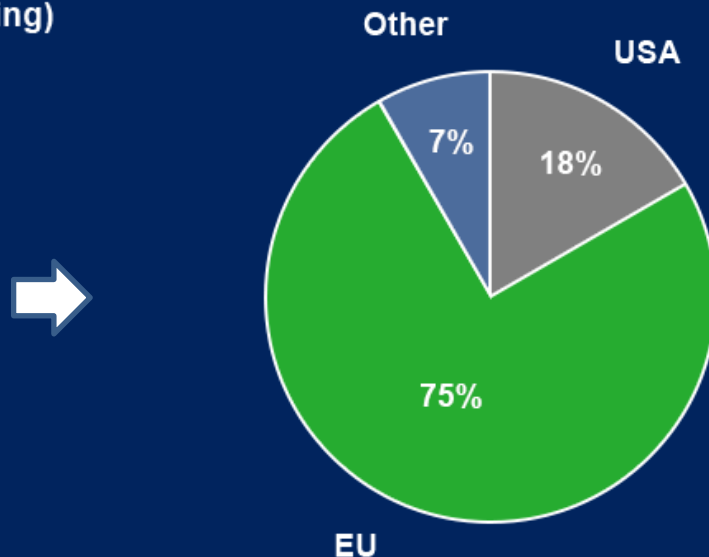
* Based on top sites

Based on our statistics - cross border transactions hold share of nearly 30% of total e-commerce in Russia.

Cross-Border market 2015, bln. rub.



Geographic Distribution in year 2015



Nearly 1/3 of e-commerce in Russia is crossborder



Total Cross-Border market in
Russia – is almost 300 bln. Rub

Some of most popular internet sites among Russian customers in 2015

WWW	SEGMENT
Aliexpress.com	Retail
ITUNES	Content
STEAMGAMES	Gaming
YOOX .COM	Retail
RENTAL CARS.com	Travel / Leisure
ASOS.COM	Retail
VUELING AIRLINES	Avia
UBER	Retail
AMAZON	
MKTPLACE	Retail
IHERB	Retail
Playstation	Content
AGODA Hotel	Travel / Leisure
WARGAMING	Gaming

Some of most popular internet sites among Russian customers in 2015

TOP 5 Russian

- Avia
- Rail
- Mobile
- Utility
- Finance

TOP 5 Outside Russia

- Travel / Leisure
- Retail
- Avia
- Finance
- Content

Most popular countries outside Russia

- UK,
- USA,
- Luxembourg,
- France,
- Cyprus,
- Ireland,
- Greece,
- Italy,
- Germany,
- Spain

Total Russian cross – border e-commerce market will exceed 270 bln. Rub

Top 4 markets*

Avia -	31.0
Retail -	140.1
Finance -	30.1
Content -	20.4

Others

Rail -	1.5
Mobile -	1.2
Other (incl. Gaming) -	11.3

* Based on top sites

3. Federal law “On Personal Data” as System Changer of Russian PSP market.

- Global effect - direct impact on several thousands western companies, which are doing business in Russia (and dealing with collecting and storing personal data of Russian customers)
- Requirements of the new Russian Law must be observed by PSP – companies, personal data of Russian citizens have to be collected and stored in data – centers that are located on the territory of the Russian Federation.

3. Federal law “On Personal Data” as System Changer of Russian PSP market.

- Similar but less known decision, announced by the European Court of Justice, may change the field of data storage in Europe. This recent development became a game changer in Western Europe;
- The EU higher court recently stated that personal data can not be transferred outside of the EU member state without specific permission of the individual;
- This has immediate effects the so called “Safe Harbour Treaty” between USA and EU

3. Federal law "On Personal Data" as System Changer of Russian PSP market.

Foreign e-commerce players, will have no option but to switch to service providers using databases located in the Russian Federation.



3. Federal law "On Personal Data" as System Changer of Russian PSP market.

Just 4 IPSP's and 3 Banks meet requirements after the changes were introduced to personal data legislation.

TOP international IPSP's currently providing the services to companies operating on Russian market.

CyberSource*

Skrill

wirecard

 SAFECHARGE

 2CC 2CHECKOUT.COM

 PAY-ON

 worldpay

 GAMEPAY

- Expected volume of e-commerce in Russia will exceed 1 trillion RUB in 2015;
- 30% of the total e-commerce volume in Russia is cross border;
- Because of the new law, ChronoPay expects significant changes in regards of market share of TOP Payment Service Providers in 2016 active on the Russian market;
- It is of utmost importance for Western e-commerce companies to find or have a solid and trustworthy partner in the Russia itself who is very familiar with this law and can help you to comply and continue the operation of these companies

Thank you