



FSS AadhaarPay

Building a Universal Payment
Acceptance Network

The development of a wide payment acceptance network is a key imperative for any country seeking to further expand digital payments. Currently, in emerging markets an approximate 80% of non-cash payments are processed through established card networks. The rate of electronic payment acceptance is low, as the high processing fee renders the value proposition non-compelling for small and micro-merchants, who form the bulk of merchants and are the most important in serving low-income consumer segments.

FSS AadhaarPay helps acquirers broaden the payment acceptance ecosystem by cost-efficiently serving hard-to-reach merchant segments. FSS AadhaarPay, rather than ride on traditional card rails, leverages real-time inter-bank payment networks for transaction processing, clearing and settlement. By disintermediating traditional interchanges and riding on less expensive bank rails, Aadhaar-based payments lower processing fee and promote higher merchant uptake.

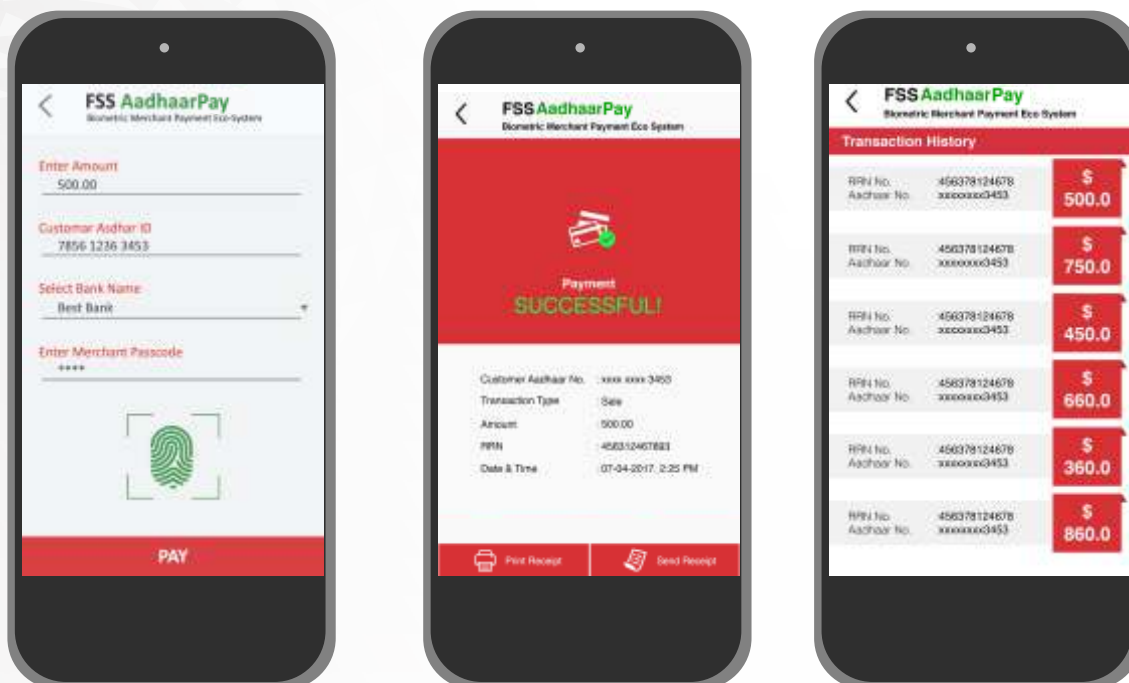
How it Works?

FSS AadhaarPay exploits three critical elements - bank accounts, mobility and digital identity - to disrupt traditional POS business models. The service leverages the universal availability of the mobile device and Aadhaar - India's biometrically-enabled digital identity - that covers 99% of the populace to advance the growth of digital payments.

Any merchant with a biometric reader and an Android phone can download the FSS AadhaarPay application, self-register for the service using e-KYC, and start receiving payments. Customers make payments by scanning the fingerprint and entering the amount at the point-of-sale (PoS) terminal. FSS AadhaarPay uses Aadhaar APIs to authenticate the customer's biometric credentials mapped to the social security number. On successful authentication, the transactions are routed to the customer's issuing bank.

FSS AadhaarPay Converts the Customer's Fingerprint into a Payment Instrument





➤ **Delivers Differentiated Added Value Services**

Beyond the transaction, FSS AadhaarPay delivers innovative added value services to customers. Merchants, big or small, benefit from a complete packaged business solution. This includes:

- Support for Aadhaar QR codes
- Ability to dynamically configure offers and discounts
- Manage transaction related customer communication
- Digital invoice generation
- Comprehensive reporting to assess transaction performance and make recommendations to merchants for optimal inventory ordering or delivering offers to customers based on buying patterns and preferences.

➤ **Settles Transactions in Real-Time**

FSS AadhaarPay uses the bank account as a source of funds and all transactions are cleared and settled. The FSS AEPS network ensures immediate crediting of merchant accounts, thus freeing money and lowering working capital requirements for merchants.

➤ **Lowers Fraud Liability**

As FSS AadhaarPay leverages the bank account and offers a low-risk product, with usage directly linked to the availability of funds in the customer’s account. For acquirers, there is no direct credit risk involved in processing transactions. This significantly lowers fraud liability and enables on-boarding of merchants traditionally deemed high-risk under conventional acquiring models.

 **Benefits Banks****➤ Field Proven and Scalable**

- Leading merchant acquirers, with an approximate 20% share of the total India POS market, have implemented FSS AadhaarPay

➤ Broadens Acceptance Ecosystem

- Expands merchant portfolio due to high adaptability for a range of merchant settings - in-store, home service businesses, feet on the street sellers, micro-merchants
- Exposes APIs to third parties to embed AadhaarPay, widening the merchant acceptance ecosystem

➤ Rationalizes Costs

- Simplified onboarding process rationalizes acquisition costs
- Saves interchange costs by routing transactions over the Aadhaar network rather than conventional payment rails
- Optimizes integration costs with standardized interfaces to integrate with any STQC certified biometric device and banking systems

➤ Optimizes Business Performance

- Extensive transaction reports provide insights into business performance and improves decisioning

➤ Enhances Transaction Security

- Significantly lowers fraud liability with support for biometric and second factor of authentication

➤ Supports Flexible Business Models

- Option to select multiple deployment models - on-premise or hosted on FSSNET or a third-party cloud





Benefits Merchants

➤ Expands Merchant Ecosystem

- Generates opportunities for business expansion by enabling merchants to move out of physical store locations and accept payments anywhere
- Improves footfalls and customer engagement with customized offers and discounts

➤ Optimizes Customer Service

- Allows customers to track expenses by generating digital receipts for each transaction
- Eliminates wait times at checkout by allowing customers to pay in the aisle

➤ Improves Cashflows

- Prevents fund lock-in with immediate settlement and crediting of merchant accounts

➤ Improves Staff Productivity

- Allows merchants to redeploy sales associates - from behind the till to the shop aisle - to assist customers make a purchase decision and improve conversion rates

➤ Optimizes Costs

- Slashes Capex by using existing mobile phone existing mobile phone rather than the conventional POS infrastructure
- Saves transaction processing costs as routing transactions over the FSS AEPS network for payment acceptance is less expensive than card rails



Benefits Customers

➤ Simpler Customer Experience

- Customers can transact using their fingerprint, eliminating the need to carry smartphones or cards or remember mPINs
- Optimizes checkout experience and saves time

Use Cases

FSS AadhaarPay caters to a wide segment of merchants driving quick services adoption and revenues



- **Micro Merchants** - Allows any street vendor with a basic mobile device to accept digital payments



- **Travel and Transport** - Taxi-drivers, as an example, can accept Aadhaar-based payments on the go



- **Home Delivery** - E-commerce firms can accept Aadhaar-based payments on delivery



- **Retail Outlets** - From in-aisle checkouts at a retail store to providing a pay at table experience at a hotel, with AadhaarPay merchants can deepen customer engagement

About FSS

Financial Software and Systems (FSS) is a leader in payments technology and transaction processing. The company offers a diversified portfolio of software products, hosted payment services and software solutions built over 25+ years of experience.

FSS, end-to-end payments suite, powers retail delivery channels including ATM, POS, Internet and Mobile as well as critical back-end functions including cards management, reconciliation, settlement, merchant management and device monitoring. Headquartered in Chennai, India, FSS services leading global banks, financial institutions, processors, central regulators and governments across North America, UK/Europe, ME/Africa and APAC and has 2,500 experts on-board.

For more information, write to products@fsstech.com