

Annual Report 2023

Currence Holding B.V. Annual Report 2023

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Currence Holding B.V. Annual Report 2023

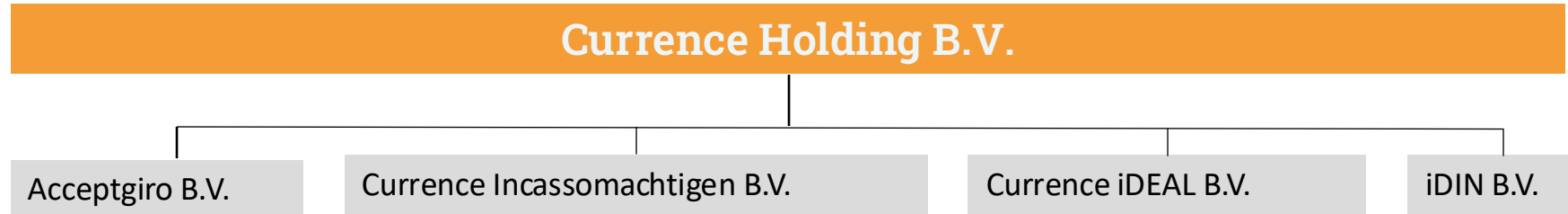
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Currence Holding B.V. and subsidiaries

Up until 30 October 2023 Currence Holding BV was the holding entity of four subsidiaries



As part of the acquisition of iDEAL by the European Payments Initiative (EPI) on 30 October 2023, Currence Holding BV transferred its shares in Currence iDEAL BV to ABN AMRO, ING and Rabobank who subsequently transferred those shares to Elevator Bidco BV on 31 October 2023.

With effect from 31 May 2023, Acceptgiro BV ceased its operations. On 16 November 2023, Acceptgiro BV was dissolved, following deregistration of this company from the Trade Register per 2 February 2024.

Currence Holding B.V.

Board Members

Executive Board

Daniel van Delft (1970), CEO
Eelco Laddé (1975), CIO

Supervisory Board

Name	Born	Function	Appointed	Until
Sjors Kruiper	1959	Former Director Royal FruitMasters Group	2019	Ultimately 2027
Vincent van den Boogert <i>Chair</i>	1969	Executive Advisor, Boston Consulting Group Member of various supervisory boards, national and international	2021	2025



Currence Holding B.V.

Structure, Organisation, and Governance



Structure of the Company

Currence is the owner of various products in the payments and online identification market. Currence was designed at its inception for maximum transparency and flexibility. Currence Holding B.V. oversees various subsidiaries, each structured as product-specific private limited companies. Currence Holding B.V. has issued 'lettered' shares to its shareholders (shares A to H), with each lettered share type linked to a specific product company.

This structure offers several advantages for Currence. It solidifies the policy and overall external profile of the unified payments system while accommodating individual shareholder interests. Rights and obligations can be tailored to specific products. Shareholders are not obligated to participate in all product-specific companies.

Shareholder interests may vary across product-specific companies. To facilitate the entry of new shareholders, conditions have been established for both new and existing shareholders, ensuring a transparent market situation for everyone involved. For example, a non-bank playing a role in a specific payment product may become an investor in the relevant product-specific private limited company. This non-bank can then become a shareholder of Currence Holding B.V., with financial risks and voting rights limited to that specific product. This structure fosters investment in payment innovation from diverse sources.

Currence Holding B.V.

Structure, Organisation, and Governance



Legal Structure of Currence

Each payment product operates as a separate private limited company. These product-specific companies hold the rights to their respective brands, logos, copyrights, and other intellectual property. As such, they act as the contracting parties with licensees and certificate holders. They are responsible for issuing licenses and certificates, alongside all associated compliance procedures. Additionally, each product-specific company maintains its own distinct financial rights and obligations.

Currence Holding B.V.

Structure, Organisation, and Governance



Organisation

Management of the Organisation

Currence has implemented an annual planning and control cycle for its internal management.

To gain insight into operational risks and monitor the achievement of objectives, Currence generates quarterly and additional reports. These reports aid in evaluating the attainment of targets and facilitate necessary adjustments to business plans. Absenteeism is also monitored and addressed as required.

Furthermore, budget development and associated risks are analyzed and assessed each quarter. Additionally, Currence has developed the Currence Control Framework to maintain control over the new iDEAL platform and safeguard its confidentiality, integrity, and availability.

DNB oversees the regulation of iDEAL as part of its responsibility to promote security and efficiency within the payment system, given iDEAL's designation as critical infrastructure.

Currence Holding B.V.

Structure, Organisation, and Governance



CORPORATE GOVERNANCE

Corporate Governance Code

Currence places a high priority on good corporate governance. While not directly within the scope of the Corporate Governance Code, Currence supports the Code's aims of achieving a sound and transparent system of checks and balances. Currence adheres to the Code's principles wherever applicable to its specific situation.

Currence Holding B.V.

Structure, Organisation, and Governance



Independent Governance (1/2)

Independent operation is essential for Currence to fulfill its mission effectively. Currence's governance structure safeguards this independence. The Executive Board functions autonomously. Market players cannot influence management decisions regarding the admission of new participants (whether competitors or otherwise), unfairly exclude potential market players, or hinder innovation.

The independent Supervisory Board advises and oversees the Executive Board, acting in the interests of the company and its subsidiaries while also considering all stakeholders' interests. As the shareholders themselves operate within the payments market, and to uphold free competition, they have no influence over Currence's commercial policy, market admission, Rules and Regulations, or product changes, beyond their statutory powers. In exceptional cases where product modifications would necessitate significant infrastructure changes and investments, the General Meeting of Shareholders holds specific approval authority.

Currence Holding B.V.

Structure, Organisation, and Governance



Independent Governance (2/2)

The independent option to appeal to the Netherlands Arbitration Institute (NAI) provides additional assurance of Currence's independence. Licensees, certificate holders, and applicants can use this recourse to challenge Currence's decisions or sanctions. To date, no appeals have been filed.

Within the framework of its informal approval on 19 April 2005, the Netherlands Authority for Consumers and Markets (ACM, formerly NMa) has positively assessed Currence's governance in relation to competition requirements. Currence's independent governance model fulfills a unique role in Europe, demonstrating its value in the operation and management of the unified payment systems market.

Currence Holding B.V.

Role for Market Players

Currence consults with market parties prior to making decisions on product or regulatory changes, as these may directly impact stakeholders' business operations, particularly those of licensees and certificate holders. Market consultations and ongoing dialogue with stakeholders within the payment chain are crucial for Currence's effective operation. This is partly ensured through advisory bodies comprised of licensees and groups of certificate holders who represent Currence's customers.

Additionally, Currence maintains regular communication with umbrella groups, industry associations, and consumer organizations.

Internally, Currence's governance is based on the "3 Lines of Defense" model to ensure sustainable control governance with a clear separation of duties.



Currence Holding B.V.

Supervisory Board Report [1/3]



The Supervisory Board advises and monitors the Executive Board, overseeing its policies and their execution. It acts in the interests of the company, individual licensees, and certificate holders, while safeguarding Currence's independence and considering the broader interests of society. This approach ensures a balanced consideration of all stakeholder interests.

In 2023, the Supervisory Board convened five times, alongside several informal interactions with the Executive Board, management team, employees, regulators and shareholders. Key topics discussed throughout the year included the daily performance of the products, iDEAL 2.0, the transfer of Currence iDEAL BV to EPI, the cessation of Acceptgiro BV operations, and the future of eMandates and iDIN, particularly for iDIN in relation to shareholders' eID strategy.

The Supervisory Board closely monitored the company's operational, financial, risk, and commercial performance, meeting regularly with the finance team to discuss budget realisation.

The Supervisory Board is proud of the transfer of Currence iDEAL BV to EPI Company SE on 31 October 2023. EPI's aim to roll out a unified payment solution across Europe underscores the value and reliability of iDEAL, as well as the importance of the new iDEAL system. As of this date, Currence iDEAL BV is no longer a subsidiary of Currence Holding BV and therefore falls outside of its supervision. We wish the management and staff of iDEAL every success in the future.

Currence Holding B.V.

Supervisory Board Report [2/3]



Management, the Supervisory Board, and shareholders met regularly to discuss the e-ID strategy of the shareholding banks. A need for strategic realignment on iDIN was concluded and actioned into a Request for Information process. Management and shareholders received proposals from several interested parties as part of this RFI process. At the time of writing this report, a decision on which party or parties to pursue further discussions with has yet to be reached.

The Supervisory Board is satisfied with the phasing out of the Acceptgiro product by 31 May 2023. Frequent and constructive consultations with stakeholders ensured a smooth process and the availability of several alternatives.

Currence and the Dutch Payments Association have reached an agreement in principle on the transfer of Currence Incassomachtigen BV to the Betaalvereniging. Operational management was transferred per 1 February 2024, with legal ownership of the product to be transferred to the Betaalvereniging later this year.

The company's annual accounts for the financial year 1 January 2023 to 31 December 2023 are included in this report. The Executive Board prepared the annual accounts, which were discussed by the Supervisory Board with the Executive Board following an audit by BDO Audit & Assurance B.V. The consolidated result is € 4,903,000. In accordance with the Executive Board's proposal and the provisions in the Articles of Association, we recommend adding this result to the company's Other Reserves.

Currence Holding B.V.

Supervisory Board Report [3/3]



The company results of Currence Incassomachtigen B.V. and iDIN B.V. will be allocated to their respective Other Reserves. The relevant 'lettered' shareholders of these companies will be asked to contribute an additional share premium payment proportional to their interest.

Lastly, the Supervisory Board would like to express its appreciation for the dedication and efforts of the Executive Board and staff in performing their duties.

Amsterdam, April 24th, 2024

On behalf of the Supervisory Board,
Vincent van den Boogert, Chair



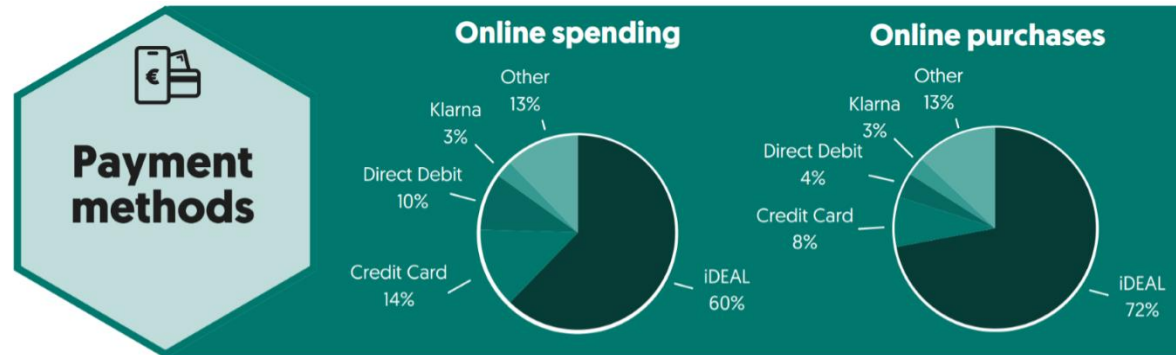
Currence iDEAL B.V.

Currence iDEAL B.V.

Continued Growth for iDEAL as the Netherlands' Online Payment Favourite (2 /)

In 2023, iDEAL experienced another year of growth. Transaction volume increased by 10.5% to 1.363 billion transactions. Black Friday the day with for years the most iDEAL transactions, saw a new record for transaction volume, with 7.1 million payments successfully processed.

Although more competitors entering the market, iDEAL's market share as a payment method for Dutch e-commerce purchases saw a slight increase to 72% (based on the number of online purchases). See the graph below from thuiswinkel.org:



Currence iDEAL B.V.

Continued Growth for iDEAL as the Netherlands' Online Payment Favourite (2 /)

To maintain iDEAL's position as the leading payment method, a new version has been developed. It features a centralised iDEAL Hub including the option for users to create an iDEAL profile. Based on the iDEAL profile we introduce the services “iDEAL Snel betalen” and “iDEAL Snel bestellen”. With iDEAL Snel betalen we utilize the fact that a user added its preferred bank account to the iDEAL profile. The user will stay on the merchant website and will receive a push message from his bank to confirm payment. iDEAL Snel bestellen adds even more shopping convenience for the user, your shipping details, after consent, will be shared with the webshop.

The new iDEAL can support even more use cases in consumers' day-to-day lives, offering improved payment convenience, new checkout services, and additional payment options.

In 2023, the new iDEAL proposition was fine-tuned ahead of its major rollout. In February we saw the first transaction completed via the iDEAL Payment Page (part of the iDEAL Hub). Release 2 (iDEAL Profile) became available on production the following month, introducing the iDEAL profile and iDEAL Snel bestellen (Checkout) features. At the end of October, the first pilot, in cooperation with Rabobank, was launched.

The operational management of the iDEAL Hub is outsourced to our partner Payconiq International, next to the iDEAL Hub we have our Currence platform that is operating as proxy for all transactions and ensures the integrity of the transactions. The management of the Currence Platform is outsourced to Deloitte.



Currence iDEAL B.V.

Growth of the iDEAL Ecosystem



The iDEAL scheme comprises several roles: acquirers (business partners), issuers (consumer banks) – both of which are licensees – CPSPs (resellers of iDEAL who also offer value-added services to businesses), and C2C providers. The latter two hold certificates.

In December 2023, there were 289,835 active merchants offering iDEAL to their customers.

In 2023, Currence certified:

- 4 new Acquirers; CURO Payments, Stripe, TrustPay and Yoursafe;
- 3 new Issuers; N26, Nationale-Nederlanden and Yoursafe;
- 13 new certified CPSPs: Shift 4 (Credorax Bank), DaoPay, First Data (Fiserv.), Fung Payments, Isbank, Novalnet, Payable.cy, Rabo Smart Pay, Rootline, SumUp, Trust Payments, Viva Payment Services and YabandPay;
- 3 new accredited CPSPs: Airwallex, Europabank and Lyra Collect.

No new C2C Providers were certified.

One CPSP terminated its iDEAL certificate agreement due to business closures.

Currence iDEAL B.V.

iDEAL Availability in 2023



The matrix below displays the weighted average of iDEAL availability for Issuers, Acquirers, and the iDEAL Hub in 2023.

Weighted average	Prime time 06.30 to 01.00 CET	Non-prime time 01.00 to 06.30 CET
Issuers	99.67%	99.53%
Acquirers	99.98%	99.99%
iDEAL Hub/Currence platform	99.99%	100%
Norm	99.88%	98.50%

Currence iDEAL B.V.

iDEAL in3

A pilot for iDEAL in3 was launched in October 2023. This new iDEAL proposition allows users to pay for purchases in three equal instalments. Currence has partnered with in3 B.V. to launch this new product. The pilot ran up to January 2024. After the pilot we concluded that we will continue this service and signed a partnership agreement with in3.



Currence iDEAL B.V.

Transfer of iDEAL to EPI

On 31 October 2023, Currence iDEAL BV was partially acquired by the European Payments Initiative (EPI Company SE). EPI aims to implement a uniform payment solution across all European countries. Its acquisition of iDEAL highlights the value and reliability of the platform. As an organisation and as employees, we are proud that the EPI has chosen iDEAL as the foundation for its ambition.

The acquisition of Currence iDEAL BV, along with Payconiq International SA, marks an important milestone for EPI's strategy to provide an unified instant payment system and platform for Europe.





iDIN B.V.



Identification and Login with iDIN

Digital identity verification allows users to be identified directly online. Acquirers and digital identity service providers (DISPs) are seeing sustainable growing demand for secure and reliable eID tools like iDIN, which offer both time and cost savings for customers.

iDIN stands as the sole identification and login tool in the Netherlands, providing immediate access to over 13 million Dutch consumers. It's available to all account holders at the seven banks affiliated with iDIN.

In 2023, iDIN experienced an 11% increase in the number of merchants compared to 2022. The number of successful transactions reached 14.3 million in 2023. Since its launch in July 2016, iDIN has facilitated a total of 54 million successful transactions. Currently, there are 13 certified DISPs. These service providers, along with acquirers, can help businesses integrate iDIN into their websites for login and identification services.

iDIN's User Groups

iDIN enables consumers to identify themselves to organisations, log in to online accounts, verify their age, and sign documents. The majority of iDIN transactions involve online identification for various purposes, including onboarding for insurance policies, mobile subscriptions, and mortgages; purchasing football tickets; and making online credit registration requests. The remainder primarily involves logging in to personalised online accounts, with a small percentage used for age verification by businesses such as online lotteries and liquor stores. In 2023, most transactions occurred within the financial services, gaming and gambling, insurance, and mortgage sectors (i.e., organisations required to comply with the Wwft).

iDIN QR: Simplified Login and Age Verification

iDIN also offers functionality through a specific QR code. By scanning the iDIN QR code, consumers can log in with greater ease. Additionally, it can be used in physical environments, such as performing age checks during the doorstep delivery of age-sensitive items.



iDIN for Digital Signing

iDIN can also be used to sign documents digitally. Consumers can leverage their bank's login tools to securely identify themselves for digital signing. Merchants interested in implementing iDIN Signing must acquire the service from a DISP (Digital Identity Service Provider) that holds a specific certificate for providing signing services. Only certified DISPs can offer iDIN Signing integration to their business customers. Currently, three DISPs hold this certification.

Brand Awareness

Consumer awareness of iDIN (including its description and logo) has remained stable at approximately 34%. Building brand awareness takes time and requires consistent consumer exposure. However, the growing number of merchants using iDIN does support this effort. Consumers are becoming more familiar with the various applications of iDIN, and user satisfaction has seen a significant improvement compared to the previous year.

Re-evaluate Positioning

In 2023, Currence initiated discussions with iDIN shareholders regarding a strategic realignment driven by market developments (including Wdo and EUDI Wallet). In 2024, greater clarity on iDIN's strategic options is expected, leading to further development and implementation.

eMandates (Incassomachtigen)

eMandates (Incassomachtigen)



The eMandate scheme, Incassomachtigen, is managed by Currence on behalf of the Dutch banks.

eMandates allow customers to issue valid direct debit mandates online for payees (companies offering eMandates to their customers) to execute periodic or one-time direct debits from their payment accounts. A paper signature is not necessary. Consumers or business customers issue this direct debit authorization online through their bank's trusted internet or mobile banking channel, similar to an iDEAL payment. eMandates provide a secure, fast, and simple direct debit authorization process.

There are two types of eMandates:

1. Standard eMandates for the private market
2. Business eMandates for the commercial market.

Additionally, to the benefits for the private market, businesses avoid the risk of customers reversing their eMandates (also known as reversals) up to 13 months after the transaction is completed, as European regulations limit this period to eight weeks. When using the business version of eMandates, the authorization is issued entirely online and registered automatically at the payer's bank. Both the payer and payee simply need to complete this process for successful registration. This saves time and reduces the risk of errors, resulting in an increased number of successful business eMandates, which cannot be reversed.

eMandates (Incassomachtigen)



In 2023 Knab terminated their license for eMandates. Since then, eight licensees offer eMandates to the market, enabling their private and business customers to issue an eMandate online. Additionally, 14 licensees provide eMandates to business customers. There are 25 accredited mandate service providers, responsible for the technical integration of payees with various credit institutions. The eMandates scheme also defines the role of a routing service provider, which is responsible for routing transaction messages between credit and debit institutions. EquensWorldline is the only certified organization for this purpose.

In 2023, almost 1,152,000 eMandates were issued, reflecting a 10% increase compared to 2022. Since the introduction of eMandates in 2016, nearly 5.4 million direct debit authorizations have been completed successfully. The number of active payees (companies offering eMandates to their customers) grew by more than 13% in 2023, increasing from 733 to 826.

In 2023 Currence has started a project to transfer the operational activities related to Incassomachtigen to the Dutch Payment Association. This project was finalized in February 2024. The parties aim to legally transfer Currence Incassomachtigen BV to the Dutch Payments Association by mid-2024, making it the owner of this eMandate scheme.

Acceptgiro

Currence's management announced on 1 November 2021 the withdrawal of the Acceptgiro product from the market as per 1 June 2023. This decision was driven by the steady decline in usage of the well-known yellow Acceptgiro form over the past years.

Reflecting this trend, the number of Acceptgiro transactions fell sharply in 2022, by nearly 31%. By the end of the year, most registered Acceptgiro distributors had either stopped or significantly reduced sending new forms to customers. Additionally, around 1,800 Acceptgiro distributors prematurely terminated their contracts with their banks. Consequently, only 3.1 million payments were made using the yellow Acceptgiro form in 2022. During its final five months of operation, a mere 1 million Acceptgiros were processed. In March 2023, only 162,000 Acceptgiros were processed, a record decline of over 50% compared to March 2022.

The year 2022 focused on discussions with licensees and other stakeholders to ensure a responsible and controlled phase-out. Licensees and certificate holders were informed of end dates. Frequent stakeholder consultations confirmed that many Acceptgiro distributors promptly transitioned to other efficient payment methods throughout the year, such as European direct debit, iDEAL QR codes, and standard payment instructions. Banks offered frequent, tailored advice and written information to support this process. Additionally, a paper-based alternative in the form of a single direct debit mandate was developed in collaboration with the charity sector.

Acceptgiro



The extensive and constructive consultation with all involved parties, combined with a tightly managed process, resulted in a seamless phase-out of the Acceptgiro in 2023.

Coordination of the discontinuation was handled by Betaalvereniging Nederland at Currence's request. Currence is grateful to Betaalvereniging for their excellent management of the process.

After 46 years, the Netherlands said good-bye to one of its iconic national payment products.

Following the phasing out of Acceptgiro, Acceptgiro BV has begun its liquidation process. The liquidation balance sheet was prepared as of 30 September 2023. The BV was liquidated on 15 November 2023 and deregistered from the trade register per 2 February 2024.

