

Wirecard's Woes: Trust in non-bank payment providers falls across the globe

(20 July 2020 – Global) Wirecard's dramatic collapse has shaken European markets and created distrust among corporates with third-party payment providers, according to a flash poll of 450+ of the world's most influential treasurers and CFOs conducted by **East & Partners**.

- 73 percent of German businesses polled are less trusting of non-bank payment suppliers
- More than half of UK-based treasurers and CFOs attitudes toward similar service providers have deteriorated.
- More than one in four US businesses say trust has diminished with non-banks

After allegations of financial misconduct and intense scrutiny from regulators, the truth about Wirecard's financial conditions finally came to light and resulted in the firm's insolvency.

Former CEO Markus Braun joined the provider in 2002 where he led the company's expansion to over 69 countries worldwide. The firm was valued as one of the world's largest digital payment platforms processing around US\$140 billion corporate payment transactions per year.

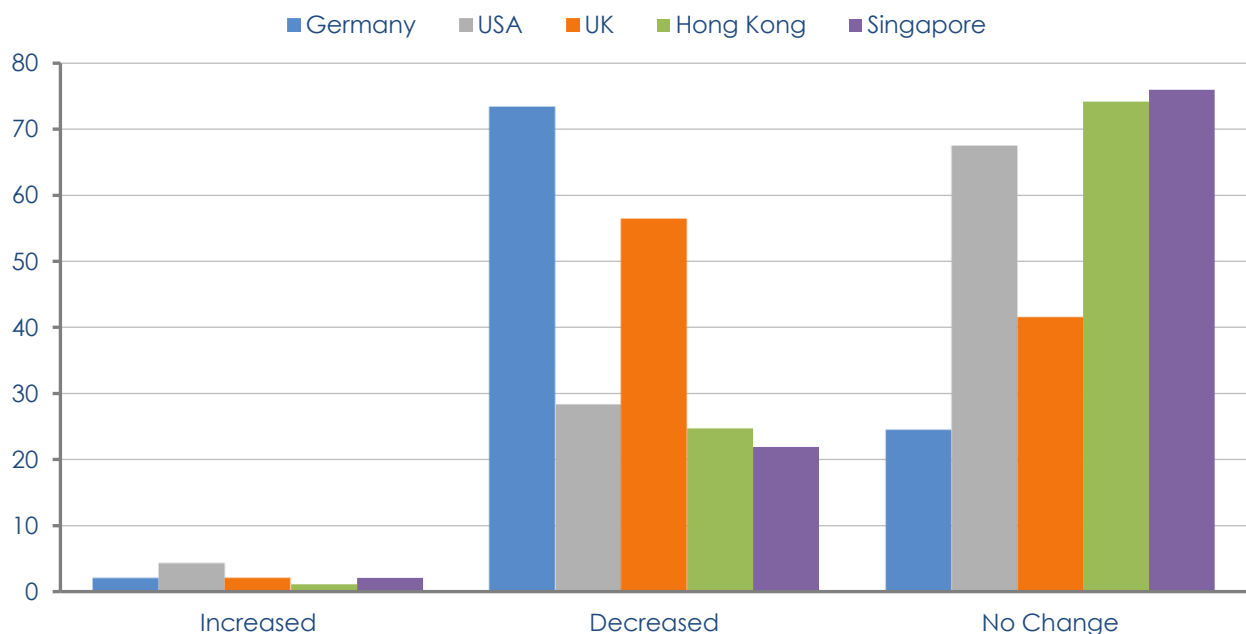
There are a vast number of "blue chip" corporates who have partnered with Wirecard, making the following question fundamentally important: "How has this event affected corporate's trust in non-bank payment providers?"

East & Partner's 'Anytime Question' platform asked the top 100 revenue ranked corporates in five markets across the globe if their trust in non-bank has changed because of Wirecard's recent insolvency.

"Has your trust in third-party (non-bank) payment providers changed following the insolvency of Wirecard?"

Trust Propensity Change

% of total



Insights from this research show that for corporates in the United Kingdom (UK) and Germany, 56.4 percent and 73.4 percent of corporates, respectively, have weakened trust in non-bank providers – markets where Wirecard's market share and brand awareness were immensely dominant.

“A major focus for payment providers chasing large scale volume has primarily been with corporates in the highest revenue segments. Provider penetration in these segments have been quite modest due to corporates' fear of counterparty risk. Wirecard has done nothing to reduce this barrier” commented East & Partners Europe Market Analyst, Pierre Sokoya.

Markets in Asia-Pacific, such as Hong Kong and Singapore, mostly saw a limited shift in trust for non-banks as corporates in these markets tend to collaborate more with domestic providers.

Although not as high as in Europe, Wirecard's misconduct has affected the relationship between corporates and non-banks in the United States (US), with only 67.4 percent of corporates claiming not to have altered their opinions, while 28.3 percent said trust has diminished. The dominance of other non-banks players such as AMEX, OFX, Western Union and World First, may be an influencing factor here.

However, will time prove to repair any outstanding reputational damage? Will corporates place as much transaction volume with similar providers? Are regulators planning to change the way payment providers are regulated and audited? Are banks taking advantage of Wirecard's slip up to take back lost market share from smaller players? These are questions that will need to be answered.

About the research

This research has been conducted by East & Partners - 'Anytime Question' platform. Clients place proprietary questions into East's global interviewing platform on an anytime basis, for any market, under either one-off, ad hoc or contract arrangements. The platform's research and reporting cycle is monthly and covers a total of 24 global markets twelve times a year.

- Closed ended questions
 - o Top 100 revenue ranked corporates in each country market – 90 percent completion
 - o Direct interviews executed with the Corporate Treasurer
- Reporting consists of
 - o Response analysis as an Excel file
 - o One page of proprietary insights commentary per question
- Questions can be
 - o One-off, change, remain the same or be mixed each month
 - o For one country or a mix of markets
- Underlying methodology is identical across borders enabling unique cross-market analysis

Market coverage -developed and emerging markets

- Asia pacific
- Americas
- Europe
- Middle East
- Africa

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