

# Efficiently S€PArating Your Customers From Their Money

*SEPA is an attempt by the European Union to harmonize payment systems in Europe. How will this affect e-commerce and what will BASIS AddonStore customers in Europe have to do now?*

**B**eginning in February 2014 and thanks to SEPA, the “Single Euro Payment Area,” all bank-based monetary transactions between market partners in Europe will be processed based on a unified system of account numbers. While the transition was cumbersome for online vendors who were forced to adapt their IT systems, SEPA will create more efficiency and help reduce payment fees in the long run.



For a short period, it looked like SEPA would kill the most popular B-to-C payment option in Germany, the so-called “Lastschrift” or direct debit. The Lastschrift is dealer-friendly, as the dealer can debit the account to which the customer authorized him. SEPA wanted this authorization to be done in writing, per snail mail, which would make the order process clumsy and delay it by a couple of days, not acceptable for customers. But in October 2013, pressure from industrial associations led the SEPA committee to change their plans. Now, as before, it just takes the click of a box to complete the order process.

Direct debit is very popular because it shares the risks equally between the two parties. This arrangement provides for the customers’ right to tell their collecting bank to reverse any returned and disputed transactions on their account within a timeframe of six weeks. So, direct debit is easy to handle, risk-free, and involves little technical implementation for online stores.

## Payment Options

According to a study by EHI Retail Institute ([ehi.org/nc/en](http://ehi.org/nc/en)), the average online store in Germany offers consumers 6.3 payment procedures to choose from. Among these, the so-called “wallets” are the top of the heap with a presence of 82.4%, the most important provider being PayPal. PayPal lets users link their bank accounts, debit cards, and credit cards directly to one online account. When shopping online, users can then choose to pay directly from their digital account or “digital wallet.” This not only means that all of the users’ payment information is conveniently available in one place, it also means that the vendor they are buying from never receives their credit card information. PayPal pays the vendor and the PayPal user pays PayPal.

Next in popularity after wallets are the traditional payment methods such as advance payment and cash on delivery (82.3%). Only some 50% of the stores examined offer payment upon invoice, whereas for B-2-B scenarios, “purchase on account” is by far the most common way of payment.

## Payment Options Crucial for Customer Confidence

For buyers, the choice of payment options is crucial when it comes to returns. Studies have shown that most German customers believe that there is a connection between the payment option and the willingness and speed by which the retailer will process returns and reimburse them. A majority of consumers

believe that PayPal is the safest payment option, followed by credit cards and direct debit, which is favoured by about 10 percent of consumers.

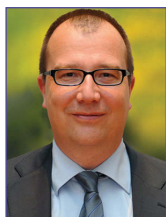
While PayPal seems to be the market leader pretty much everywhere in the industrialized world, online merchants may want to scan their local market because in a mature market such as Germany alone, there are more than 30 providers for wallet services that differ significantly in their market coverage, customer acceptance, and transaction costs. Also, global players Amazon and Google offer their own wallet services with Google Checkout and Checkout by Amazon.

The same goes for credit cards. While payment with your plastic card is readily accepted everywhere in France and Britain, German retailers and customers alike still have their reservations. But if you decide to offer

## AddonStore

AddonStore™ is BASIS’ platform for developing e-business solutions, from simple webstores to integrated solutions over several marketing levels. AddonStore stands out because of its stability, flexibility, and performance. It effortlessly manages product lines with several hundred thousand individual products.

AddonStore integrates smoothly with AddonSoftware® by Barista® and is based on open, widespread industry standards - Java, HTML5, CSS, and JavaScript, all independent of platform and operating system choices. As a result of this open architecture, AddonStore is extremely adaptable in areas such as third-party payment solutions, data storage and the design of graphical front ends (stores).



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payment by credit card, the choice of which card brands to accept is easy; Mastercard's and Visa's presence is way ahead of their competition.

## How to Implement

For the best customer experience, it is necessary to integrate payment options into the order flow of your website as seamlessly as possible. All payment providers offer extensive manuals from which developers can extract the description of the API and information on how to parametrize the interface according to their requirements.

BASIS followed a hassle-free approach for AddonStore customers. Thanks to AddonStore's object-oriented and modularized structure, you don't need to decide at the beginning of your e-commerce project which payment choices you want to offer to your customers. The array of payment systems does not influence your other strategic considerations. PayPal, as the most accepted payment system worldwide, is already implemented by default in the AddonStore. And since the AddonStore is written in BBj®, which is based on the Java Virtual Machine (JVM), pre-written Java code on offer from the respective providers, can be integrated seamlessly into your code.

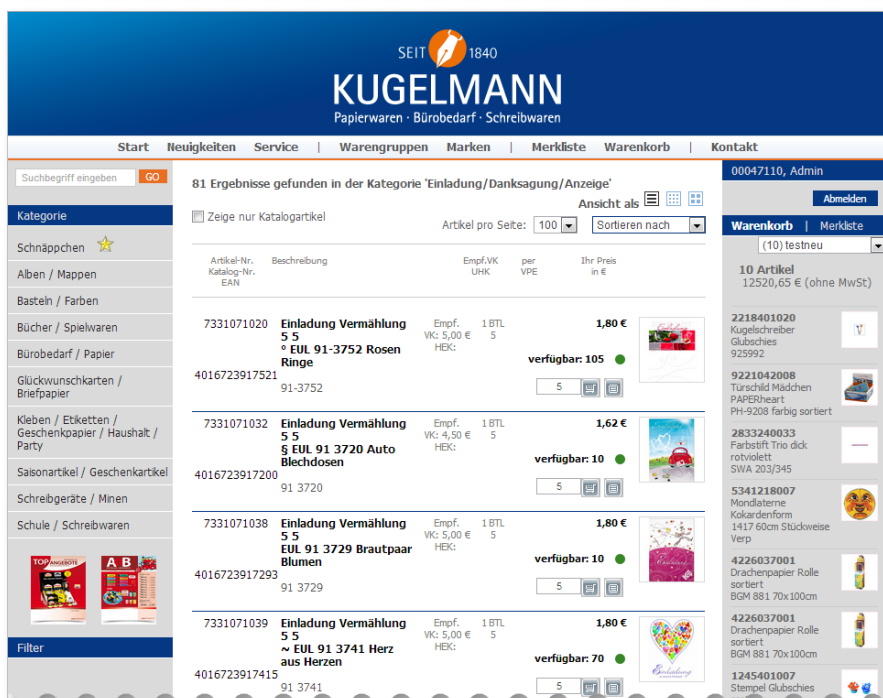
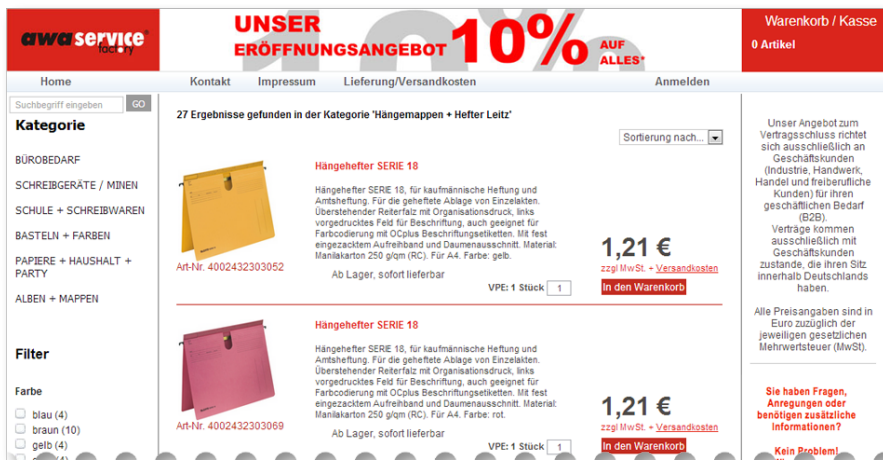
In **Figure 1** two customers who implemented the AddonStore. AWA Service Factory ([www.awa-buerobedarf.de](http://www.awa-buerobedarf.de)) is the sales arm of envelope-maker AWA Couvert in Lower Saxony, Germany. Their AddonStore, appearing in **Figure 1a**, offers their standard range of envelopes as well as stationery and gifts.

Georg Kugelmann ([www.georgkugelmann.de](http://www.georgkugelmann.de)), a stationery wholesaler from Hanover, Germany, has been pursuing their e-commerce strategy with the assistance of BASIS Europe since their first online store based on PRO/5® launched in 2005. **Figure 1b** shows the third generation of their Papercompetence store, created after a major relaunch in BBj/BUI.

## Market Experience

The AddonStore has been the core of several customer projects BASIS Professional Service has implemented in the U.S. and Europe.

According to Stephan Wald, BASIS Europe's Director of Technical Service, "All banks, credit card clearing firms, and wallet providers offer ways to integrate their payment services via their APIs. In practice, both our European and U.S. customers saw all their customer's needs covered by integrating Paypal and Paypal online, alongside the direct payment options that don't need much technical implementation in the first place."



**Figure 1a.** The AWA AddonStore (top) **Figure 1b.** The Papercompetence AddonStore build after a relaunch in BBj/BUI (bottom)

At **BISCO Industries**, a California-based supplier of electronic parts and components with a network of 45 offices throughout the U. S. and Canada, BASIS implemented PayPal Merchant Services so that both a clearing for Paypal account owners, as well as full-scale credit card clearing via Paypal, are possible. German customer [paperplace.de](http://paperplace.de), who sells office supplies and stationery to SMCs in a B-to-B scenario, added PayPal to their traditional options of Invoice, Direct Debit, and Cash on Delivery.

## Summary

The AddonStore is open to all choices. Providing payment choices can be crucial to the success of your website. When it comes to payment options, dealers have a choice of dozens of solutions provided by banks and wallet providers which differ in customer recognition and acceptance. Whatever your choice may be, as a BASIS customer you can be delighted to know that the BASIS webstore module "AddonStore" delivers the most important options by default, and all others are readily available and easily implemented, thanks to the AddonStore's modularized structure. ■



Read about how Bisco Industries implemented AddonStore at [links.basis.com/13bisco](http://links.basis.com/13bisco)