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compliant hardware. According to the Congressional Research Service 2015 report, as of July 1, 2015, the EMV Migration Forum estimated that only 25% of retailers will be in compliance with the October 1, 2015, transition deadline.

Another developing technology shift is the growing popularity of contactless payments from mobile devices with biometric authentication standards, such as Apple Pay and Android Pay. Contactless payments are a faster, safer, and more convenient experience on both sides of the counter. Accepting contactless payments also requires new technology for most businesses.

Businesses of all sizes need innovative solutions to thrive

As technology and the regulatory environment evolve, sellers of all types and sizes face a continuous need for new solutions. Historically, payments and POS services (across hardware and software), financial services, and marketing services have been limited or nonexistent for many businesses for the following reasons:

- *Lack of access.* Traditional payments solutions are often prohibitively expensive and difficult to use, and sellers are often denied service by traditional providers. We believe approximately 20 million sellers in the United States do not accept card payments today.
- *Disparate and disjointed offerings.* Sellers must laboriously piece together hardware, software, and payments services from many different vendors to run their businesses. Because these products and services are not integrated, sellers often resort to reconciling these disparate systems with pen and paper or with spreadsheets.
- *Slow, unpredictable access to funds.* Traditional payments solutions and financial services often require sellers to wait days or weeks to receive funds. According to a study published by the Federal Reserve Bank of New York in Spring 2014, the average small business loan application process takes 33 hours of work and includes applying to three different financial institutions.
- *Lack of transparency.* Many traditional providers offer terms and pricing that are opaque, complex, and unpredictable. For example, traditional providers typically charge a wide range of fees that are hard for sellers to understand or anticipate. These fees may include terminal fees, hardware rental fees, payment gateway fees, compliance fees, minimum monthly fees, and reporting fees, in addition to interchange and assessment fees that vary widely across card and transaction types.

Our End-to-End Commerce Ecosystem

Payments are at the heart of commerce and are the foundation of our ecosystem. Every payment a seller accepts creates an opportunity to develop a deeper understanding of his or her business. We use these insights to build additional seller services, which in turn generate more payment activity, bring more buyers into our network, and further strengthen our ecosystem. All of our services feature the following key elements:

- *Access and ease of use.* We design products and services that are simple and intuitive for all sellers.
- *Cohesion.* Services in our ecosystem connect seamlessly with each other, and we design integrated hardware products and software services to provide sellers and buyers with a frictionless experience.

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- *Speed and predictability.* We design our products and services to deliver instant value. Sellers can sign up in minutes to take their first payment, getting fast and predictable access to funds.
- *Trust and transparency.* We build a mutually beneficial partnership with our sellers, based on straightforward pricing and dependable services that they can rely on to run and grow their businesses. We also take a differentiated