

MAKING THE MOST OF INSTANT AND OPEN PAYMENTS

HOW TO DRIVE NEW REVENUES WITH FAST
AND OPEN IN EUROPE



What Are Instant and Open Payments?

FASTER
IMMEDIATE
INSTANT
REAL-TIME

PSD2
API **OPEN**
CONNECTED
INTEGRATED

THE EVOLUTION OF INSTANT PAYMENTS



The rate of deployment of schemes is speeding up.
Transaction limits are creeping up.
Retail and corporate payments are converging.

2018
Malaysia

2020
New Zealand

2018
Australia

2020
U.K. 2.0

2019
France

2019
Saudi Arabia

2019
Canada

2019
Peru

2019
Hungary

2019
Netherlands

2019
Colombia

2018
Hong Kong

2018
Central Africa

2017
U.S.

2017
EU

2014
Denmark

2014
Singapore

2012
Poland

2012
Sweden

2012
Turkey

2011
Nigeria

2010
India

2010
China

2008
Chile

2008
U.K.

2006
South Africa

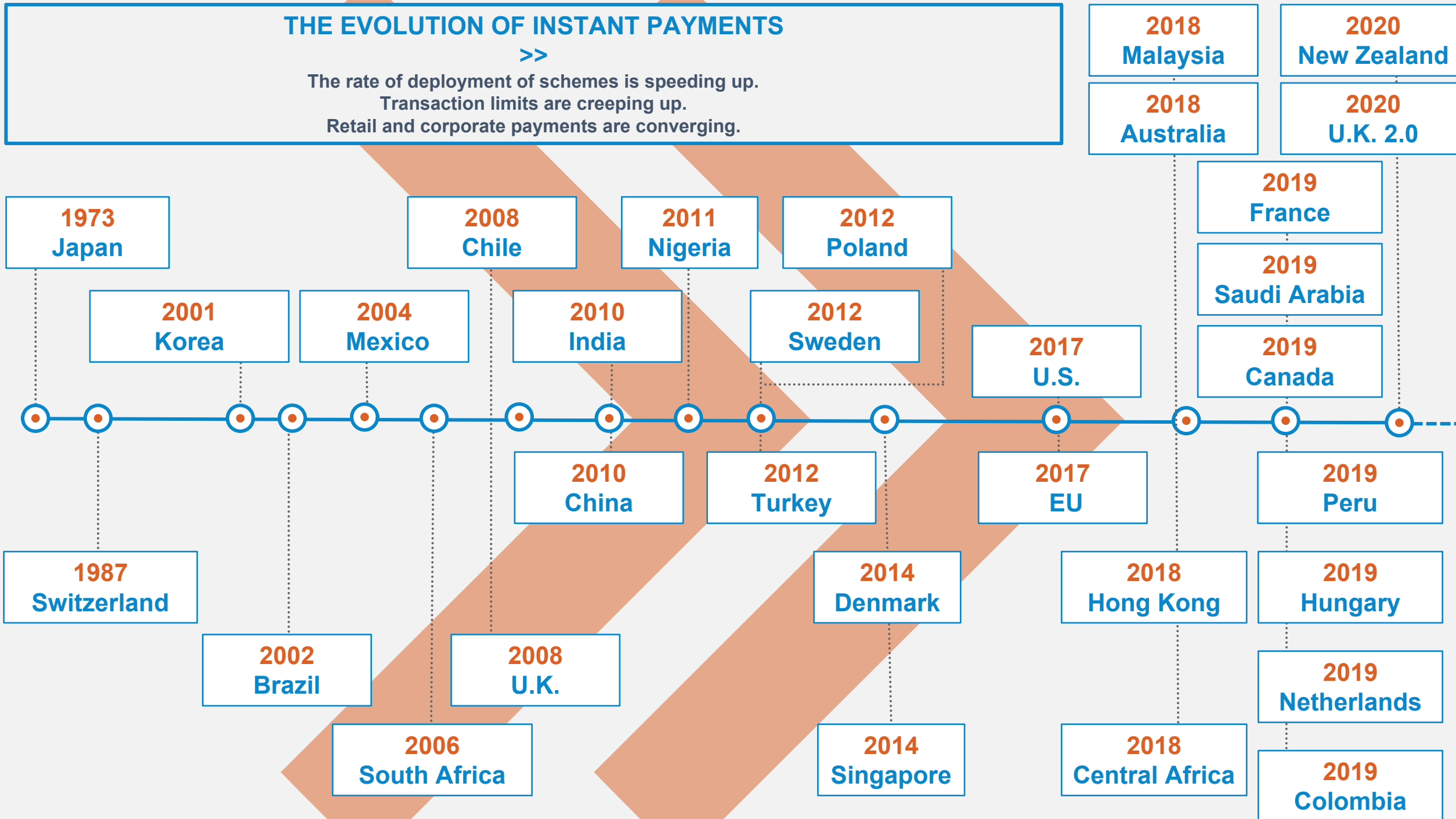
2004
Mexico

2002
Brazil

2001
Korea

1973
Japan

1987
Switzerland



Instant Payments Adoption

21 live, 50+ in development or planning

(non-ISO 20022)

 Planned go live in 2017-2019

 In discussion or design

UK → 33 txns per head, per year

Denmark → 181 txns per head, per year

What's Driving Instant Payments?

Improved efficiency, accelerated response to technological innovation, reduced systemic risk – World Bank



CONSUMERS

24 x 7 x 365 convenience
“Zero” friction payments
Security from any time emergency payments

40%

of European consumers would consider switching banks for the offer of real-time payments



CORPORATES

Efficient eInvoicing and billing
Improved liquidity management
Optimised working capital management

50%

of SMEs globally would like their banking provider to offer more services that meet their unique needs, including real-time



GOVERNMENT

Any time, traceable, emergency benefit payments
Increased tax revenue from GDP growth
Global harmonization

“The rollout of **instant payments** is driving forward financial inclusion in India, **achieving government objectives.**”



THE ECONOMY

Increase velocity of money
GDP growth from higher payment volumes
Market efficiency from competition

1%

Potential impact on Australian GDP growth



SOCIETY

Reduction in crime and security issues related to cash handling
Reduced systemic risks (e.g., fraud, AML, etc.)
24/7 service culture

“The immediacy of the solution fits perfectly into today’s lifestyle, where **‘on demand’ is critical.**”

What's in It for Payment Providers?

Instant + open payments = enhanced CX + new revenue models



ATTRACT CUSTOMERS

Immediate payments offer banks a platform to develop new products and services targeting B2C, C2B, B2P opportunities

Can be achieved by individual banks or by partnering with non-bank providers



of EU respondents said they would be likely to consider **switching bank providers for real-time services**. - YouGov Plc



AS-PSP

e.g. bank, financial institution, credit union, building society...



MODERNIZE PAYMENTS BUSINESS

Banks can invest in IT to achieve payments renovation

Helps break down siloes and increase efficiency and STP rates

Minimizes internal constraints for future flexibility and innovation



Cleaner processes **cost**

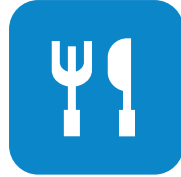
30% to 50%

less because they require less staff time all along the value chain. - BCG

Use Cases for Instant and Open Payments

Instant confirmation

e.g., person-to-person



Corporate disbursements

e.g., insurance payouts



Data enhancement

e.g., improved reconciliation or analytics



Request for payment

e.g., tradesman requests payment digitally



Bill payment

e.g., paying your utility bill



Emergency payments

e.g., avoiding service disruption



End customer discounts

e.g., rebate for lower cost payment type

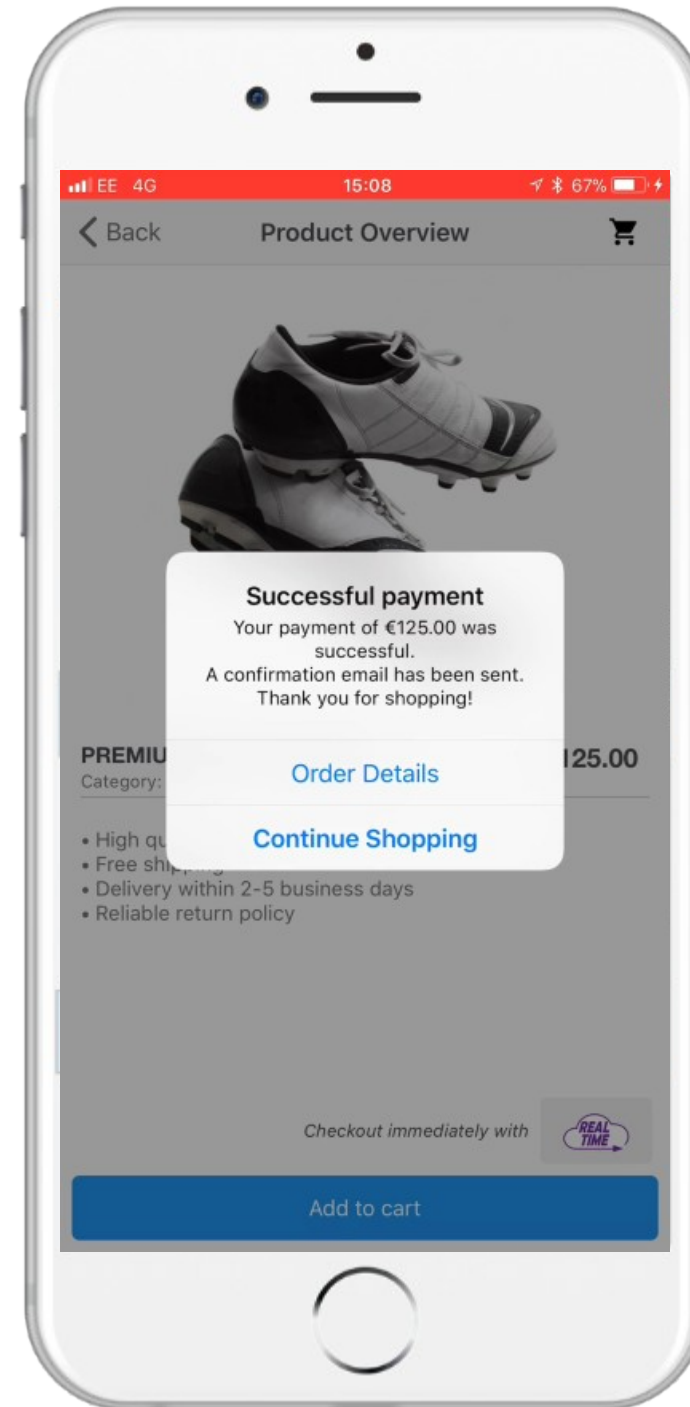
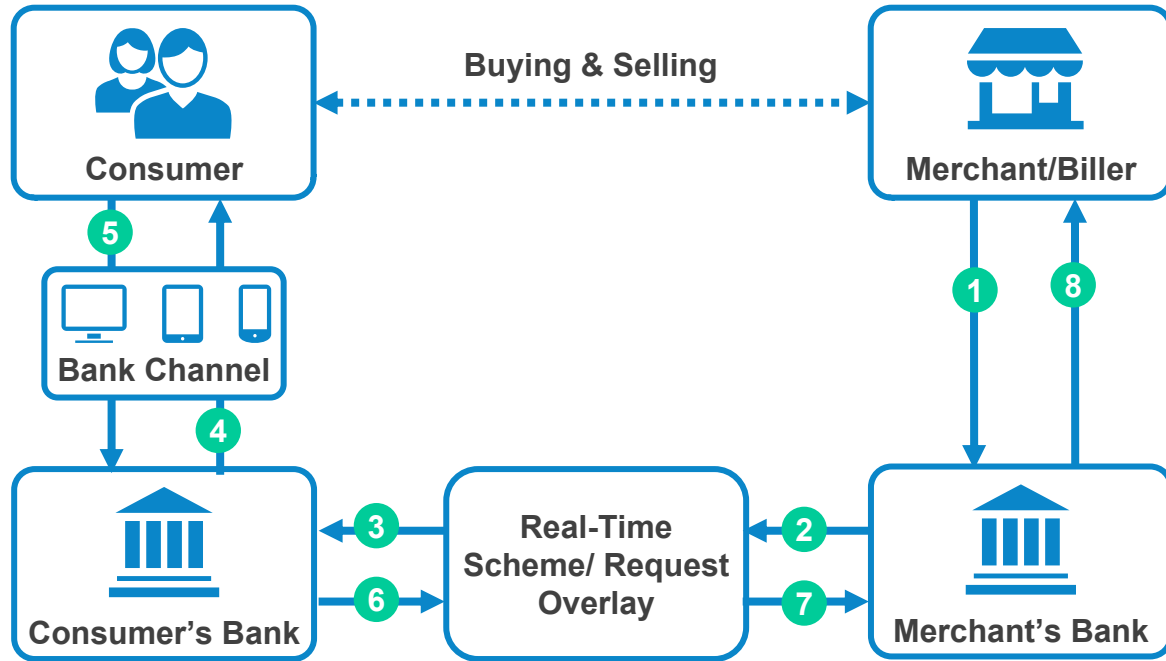


Cross border

e.g., remittance, sending earnings home

Use Case: Request to Pay/SCA

Secure, convenient, non-card payments



Bill pay



Online



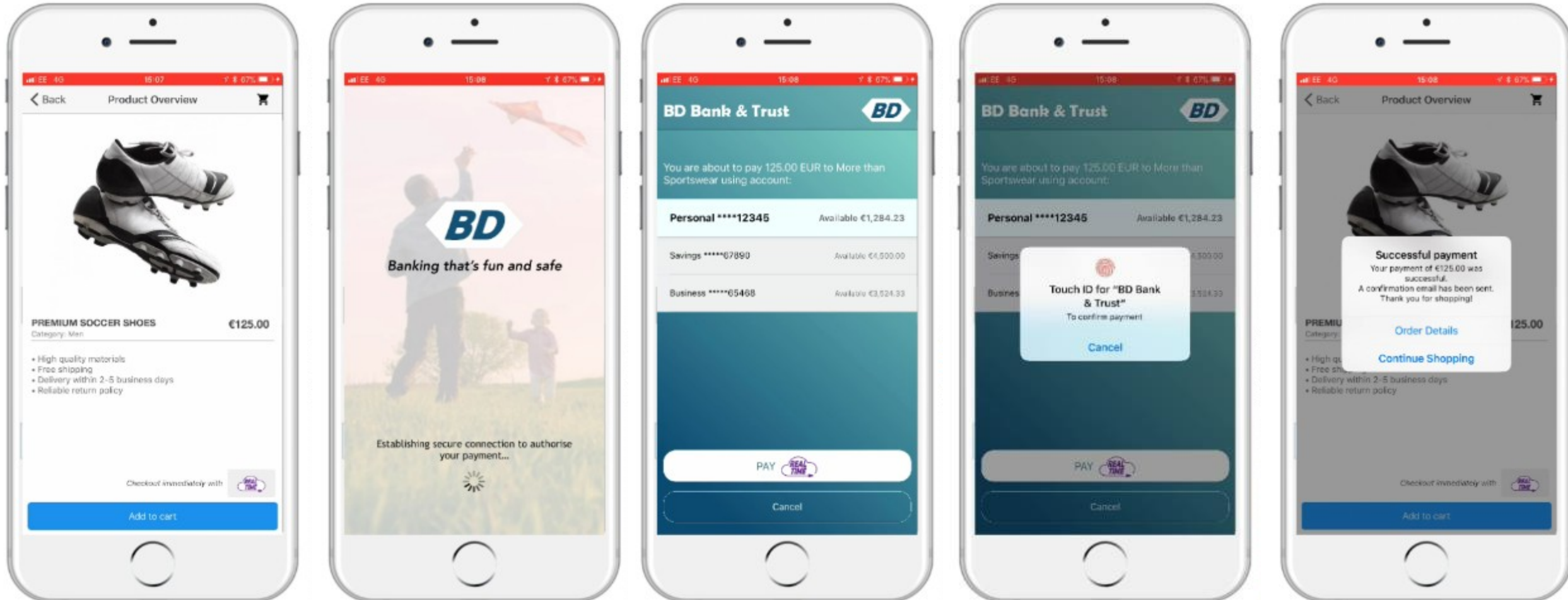
Small Business



Bricks & mortar

Use Case: Request to Pay/SCA

Secure, convenient, non-card payments



What Does It Mean to Be Instant and Open?

It's about more than just convenient, faster and secure payments

YOU ARE ALWAYS ON

24x7x365 availability
end-to-end transaction
time < **5 seconds**

YOU HAVE TO TALK TO ANYONE

Real-time and **API**
communication standards are
critical
ISO 20022/PSD2

YOU HAVE TO HAVE CASH AVAILABLE

Instant movement of funds
and **real-time balancing**
across all payment schemes

YOU HAVE NO BORDERS

18 domestic schemes live
globally, increasing annually
and **international** on the horizon

YOU HAVE TO REDUCE FAILURES

Straight-through
processing is the norm and
automation is key

YOU HAVE NO CUSTOMER DIVIDE

Retail and corporate segment
needs and expectations are
converging

What's Next?

Banks think globally interoperable, real-time payments will be achievable in the next 1-5 years.



Source: 2016 Global Market Survey, by Banking Technology, ACI Worldwide, Nets

How Do You Solve for Instant and Open?

It's more than faster payment transactions...

YOU HAVE TO BRIDGE THE OLD AND THE NEW

Placing a **real-time orchestration layer** around existing legacy systems and batch payments processes



1 in 5

say biggest barrier is siloed technology

YOU HAVE TO BE TRULY REAL-TIME

Moving to **24/7 Always-On**, enabling **real-time balances** and getting latency right (~150ms)



49%

of UK Faster Payments are made outside of business hours

YOU HAVE TO PREPARE FOR AN UNDEFINED FUTURE

Keeping the lights on while wiring some new lights, and laying **scalable foundations** for **volume growth** including non-financial



15%

Average year-on-year growth in non-cash payments from implementing real-time payments

Embracing the New Payments Ecosystem

Instant and Open as the road to transformation

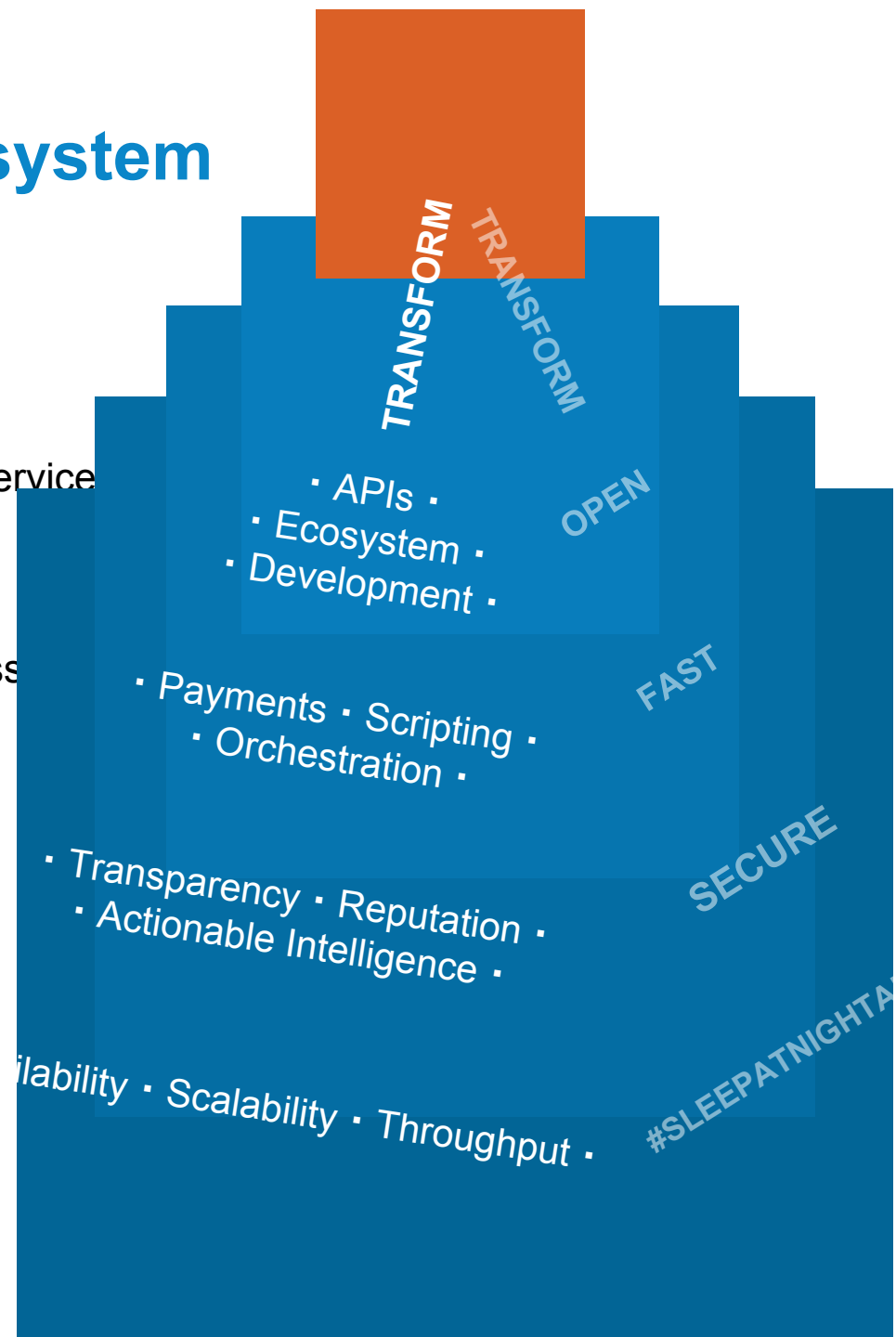


Open expands the number of endpoints and services and will increase transaction volumes

Real-time 24/7/365 impacts NFRs built for business hours

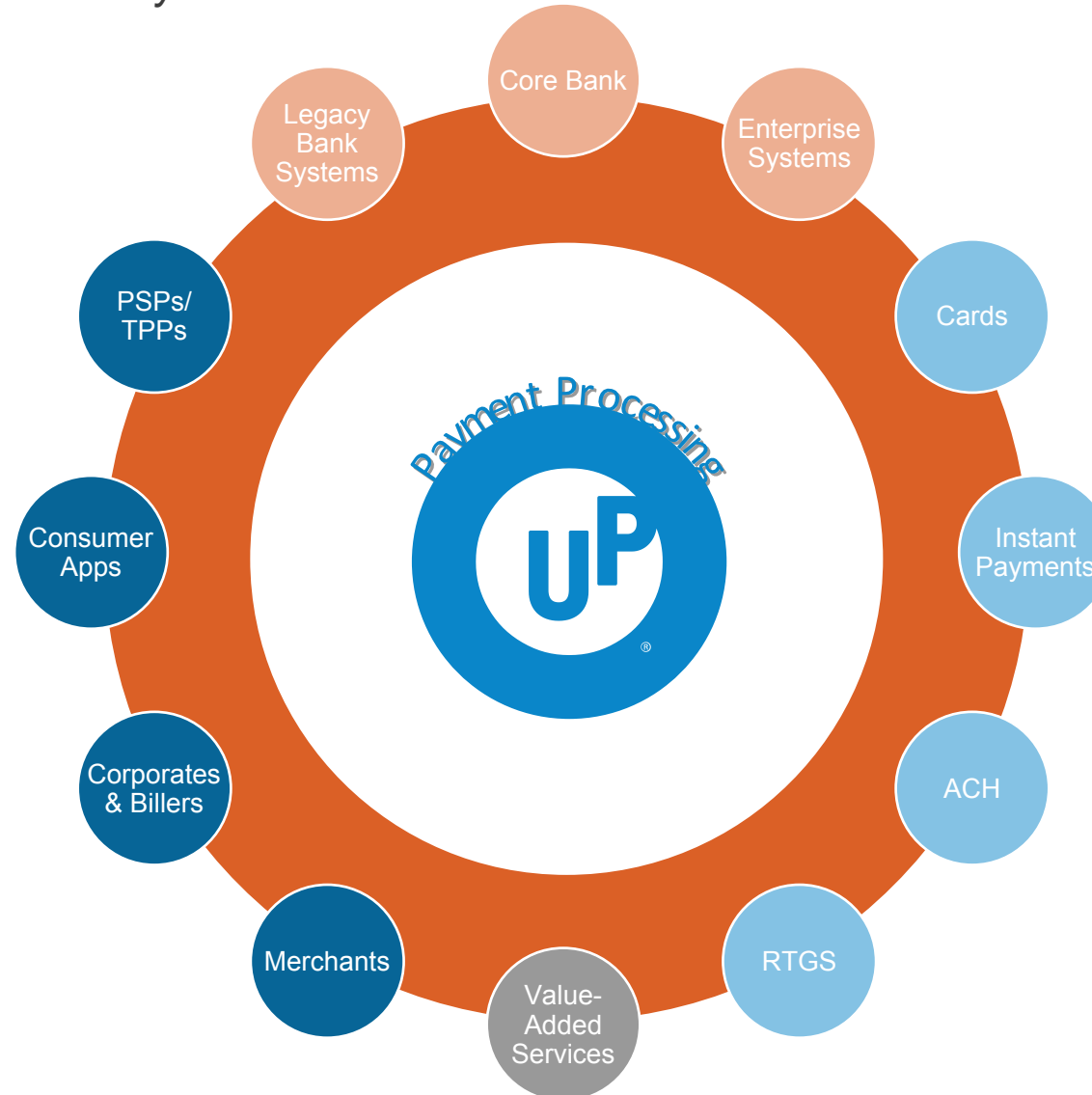
New **secure** measures, but they cannot impede **real-time payments** or **throughput**

Platform confidence must underpin every new requirement, service and technology



Universal Payments®

The Engine for the New Payments Ecosystem



- ✓ **TRANSFORM** to the New Payments Ecosystem
- ✓ **MAXIMIZE** your existing investments

Capabilities

Scheme Connectivity

Channel Inclusion

Enterprise Integration

Enhanced Capabilities

Get More from Real-Time and Open Payments

DISCOVER THE NEW SERVICES AND REVENUES AVAILABLE IN A PSD2 ENVIRONMENT: DOWNLOAD THE NEW WHITEPAPER FROM ACI WORLDWIDE AND LIPIS ADVISORS.

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