Critical Value of Interoperability

Defining Interoperability
• Directories
• Standards and Rules
• Integration / Networks
• Applications

Key Benefits from Driving Interoperability
• Delivering service ubiquity and simplicity
• Reduced market investment
• Expanding value chain / bridging informational asymmetries
• Broad market harvesting of innovation
Challenges to Interoperability and Directory Management

• High value target / risk of unauthorized access
• Business mandates
• End user privacy / preferences / regulation
• Competitive implications / “race to the bottom”
• Defending market positions / market myopia

*Tokenization mitigates some, but not all, challenges*
Comparison: Cards vs. P2P
P2P: Sentiments on Payment Aliasing

Credential requirements for bank P2P today

- Recipient's banking account information: 50%
- Recipient's email address or mobile phone number: 35%
- Don't know: 15%

Effect of payment aliases upon likelihood of real-time payments use

- Much more likely: 9%
- Somewhat more likely: 14%
- Neither more nor less likely: 54%
- Somewhat less likely: 10%
- Much less likely: 13%

Source: FIS and Ipsos Vantis, March 2013; n =300
Security is Key – across Channels and Services

Attributes Important to Consumers When Selecting Method of In-person Payments

- Provides protection against fraud and other crimes: 75%
- Provides protection against disclosure of personal information: 70%
- Allows control over the timing of when funds are taken out of my account: 52%
- Helps me to not spend beyond my means: 51%
- Provides loyalty points / rewards: 36%
- Allows me to pay for the goods / services I purchase over time: 26%

Source: FIS, Feb 2012; n = 3,205
Conclusions

• Interoperability will be key element in expanding payment value chain and accelerating innovation
• Consider business and competitive implications from a macro perspective
• In addition to tokenization, distributed/virtualized directories, one-way / blind look up, and other elements can reduce challenges
• Consider opt in, set expectations, and avoid the “creepy” factor
• Security – both real and perceived – is critical
Thank You
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