Lessons Learned in Achieving Ubiquity
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Transformational payment solutions

To be truly transformative, a new payment solution has to be attractive to users. It has to:

• Address an identified gap in the market
• Be simple to use
• Be cost effective
• Be ubiquitous
What is a “ubiquitous” payment solution?

A solution that enables me to pay anyone I want to, or need to, using a single payment method; eg:

- **Cash**
- **Cheque**

What level of coverage is acceptable?

- 100%?
- 90%?
- 80%?
Why ubiquity is important

2% of potential transactions
- 14% senders
- 14% receivers

25% of potential transactions
- 50% senders
- 50% receivers

100% of potential transactions
- 100% senders
- 100% receivers
Delivering ubiquity

There numerous ways a new solution can become ubiquitous:

• Regulatory mandate
• Collaboration of key market players
• Single product domination
• Re-use of existing components
• Interoperability between multiple providers
UK Faster Payments – a ubiquitous service
How the UK is leveraging Faster Payments

Mobile based innovations that position the bank account at the heart of the payment

Barclays ‘Pingit’
2012

Payments Council
‘Paym’ 2014

Zapp e/m commerce
2015

Barclays “Buy It”
2013

Person to person

Business to business

Zapp (SME) Service
2015

Faster Payments Direct Corporate Access –
High growth 2009

Person to business

Business to consumer
Paym – another ubiquitous service
Paym in Numbers

- Launched in April 2014
- 9 out of 10 UK accounts covered
- 2.8 million registered users
- 1.5 million payments made
- Growth rate of 40% per quarter
The European market for instant payments

- The market for real-time payments across Europe, based on an extrapolation of UK experience could amount to some 12.5 billion transactions 5 years from launch. The push for “Instant Payments” in Europe is driven:
  - “Top down” by EU level institutions (such as the ECB and EBA) – in essence a logical approach in the Eurozone
  - “Bottom up” by national payments associations, authorities, processors
- The market will probably develop as a mix of top-down and bottom-up:
  • Local
    - Speed to market, flexibility
    - 95% – 98% of the payments are local
    - Relationships to local stakeholders
  • Pan-EU
    - Pan-European, one connection for (larger) banks
    - Potential for interoperability to be easier
  • Conditions
    - Interoperability to avoid a SEPA 2.0

- Market uncertainties are currently around:
  • scheme development (EPC will report on first draft Nov 2015)
  • Interoperability,
  • business case for banks,
  • sanctions checking for cross border