

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?

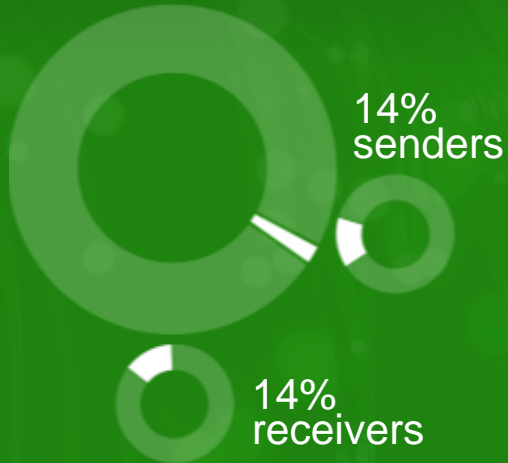
100%?

90%?

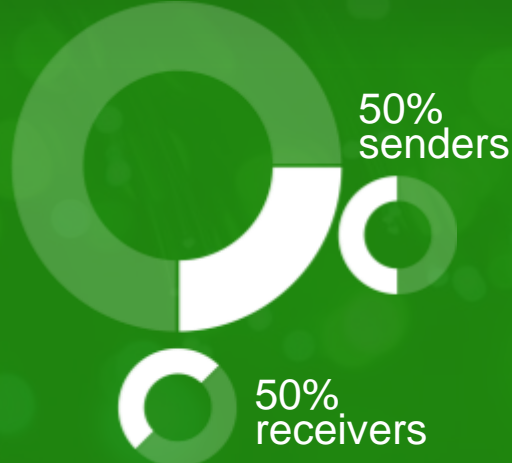
80%?

Why ubiquity is important

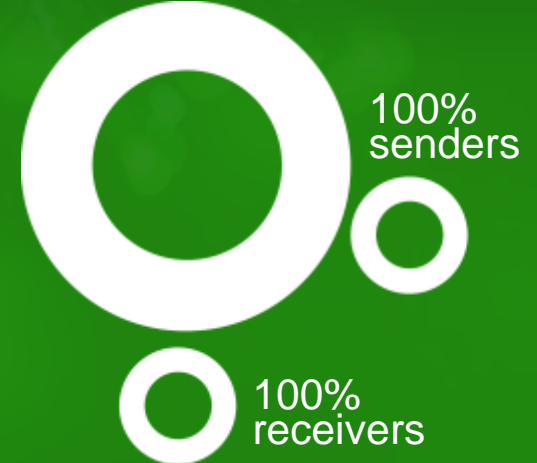
2%
of potential
transactions



25%
of potential
transactions



100%
of potential
transactions



Delivering ubiquity

There are 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

Person to person



Business to business



Zapp (SME)
Service
2015

Payments Council
'Paym' 2014



Zapp e/m commerce
2015



Person to business



Business to consumer

Faster Payments
Direct Corporate
Access –
High growth 2009

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

