

Achieving Ubiquity

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Mobile Phones - Changing the Payments Landscape

- Amount of Mobile Phones Exceeds World Population
 - 7 billion people, 7.5 billion mobile phone subscriptions
- Constant Use – aggregate of 5 hours/day
- Convenient – phone is in-hand, used for everything
 - Text, call, email, photos, weather, traffic, news...
- Instant response and gratification right at our fingertips

Mobile Phones = Democratization and Disruption

Billions of people with phones, used almost constantly...

- “Minicomputers” and Basic Phones have Technology + Connectivity
 - Consumers can initiate payments, exactly like merchants have for 50 years
 - Consumers expect payments to be easy, seamless and fast
- Huge Opportunity = New Entrants to the Payments Industry
 - Technology Companies – Facebook, Google, Apple, Samsung
 - FinTech Companies – Square, Stripe, Adyen, Alipay
 - Marketplaces – Amazon, Airbnb
 - MNOs – Vodafone (Safaricom, M-Pesa)
- Push Payments
 - Card and bank account based

How to Drive Adoption, Achieve Ubiquity?

- Easy, Seamless and Fast
- Why? Must be a Market Need
 - **Sociopolitical, Socioeconomic Reason**
 - Global migration – 258 million people living/working away from home country, up from 220 million in 2010
 - Cross-border P2P – \$580 billion GDV in 2014, \$707 billion GDV in 2017
 - Examples – Western Union, WorldRemit, Transferwise, MoneyGram, Xoom
 - “Gig” economy – currently 34% of the US workforce, projected at 40% by 2020
 - On-demand payments
 - Example – Uber “Instant Pay” to driver’s debit card

How to Drive Adoption, Achieve Ubiquity? (cont.)

- Why? Must be a Market Need (cont.)
 - Improved Experience, Reduced Cost and/or Readily Available
 - Embedded in widely-used tech – FB Messenger, WhatsApp, WeChat
 - Streamlines merchant onboarding – Square, Stripe and Adyen
 - Infrastructure that meets the need for “now”, supporting end-user solutions – and also reduces costs, mitigates systemic risk – Faster Payments
 - Faster Payments now live in 40 countries, with 16 more expected in the next 12-18 months

Rules and Regulations Approach to Ubiquity for Faster Payments

- Two Layers – Infrastructure Layer and Products/Services Layer (P2P, P2M, Billpay, etc.)
- Government Mandate and/or Encouragement
 - **India's Multi-Layered Approach**
 - NPCI established Immediate Payment Solution (Faster Payments)
 - Devaluation of 500 & 1000 Rupee notes
 - Bharat QR, UPI system (WhatsApp + UPI + banks = bank account P2P solution)
 - **Hong Kong**
 - HKMA launched Faster Payments system in Sept 2018
 - HKMA requiring 12 banks, Alipay, WeChat Pay to be interoperable

Rules and Regulations Approach, cont.

- Government Mandate and/or Encouragement, cont.
 - Europe
 - Faster Payments – SEPA Instant Credit Transfer scheme + TIPS
 - Products and Services – PSD2/Open Banking
 - Enables third party access to consumer bank accounts – at the consumer's direction – for free
 - Strong (2-factor) authentication when the consumer is initiating a payment or accessing the account
- Industry-Led Approach
 - UK – Faster Payments launched in 2008
 - US – TCH – Faster Payments launched in Oct 2017; EWS – Zelle

RSLR WG - Faster Payments

- Overarching Principles
 - Law, regulation, rule or standard
- Evaluate Laws, Regulations, Rules, Standards
 - Mitigate risk and encourage ubiquity, interoperability, accessibility
- Identify Gaps/Inconsistencies in Laws and Regulations