



Taking real-time experience to the next level


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How is the payments landscape changing?

Key Payment Trends

- Momentum building on real-time payments implementations globally
- ISO20022 the defacto standard with global co-ordination to create harmonized interpretations
- Smartphone penetration delivering the future payments platform for all participants
- Regulators interested and supporting the framework for change
- Ubiquitous solutions will benefit from a co-ordinated response from banks
- Open access to the payments infrastructure will drive innovation and customer value
- Real time rails create the platform for innovation

The market wants real-time payments systems



A world map composed of blue dots, overlaid on a dark red background with a network of thin red lines. Colored dots are placed on various continents to represent the implementation of real-time payments systems by different entities. The colors correspond to the legend: Government (yellow), Central Bank (green), Card Association (orange), Bank Association (purple), Payment Network (pink), Issuer Association (light purple), and ATM Network (blue).

- Government
- Central Bank
- Card Association
- Bank Association
- Payment Network
- Issuer Association
- ATM Network

Changing consumer behaviours

Money



Cash



Cheques



Cards

Channel



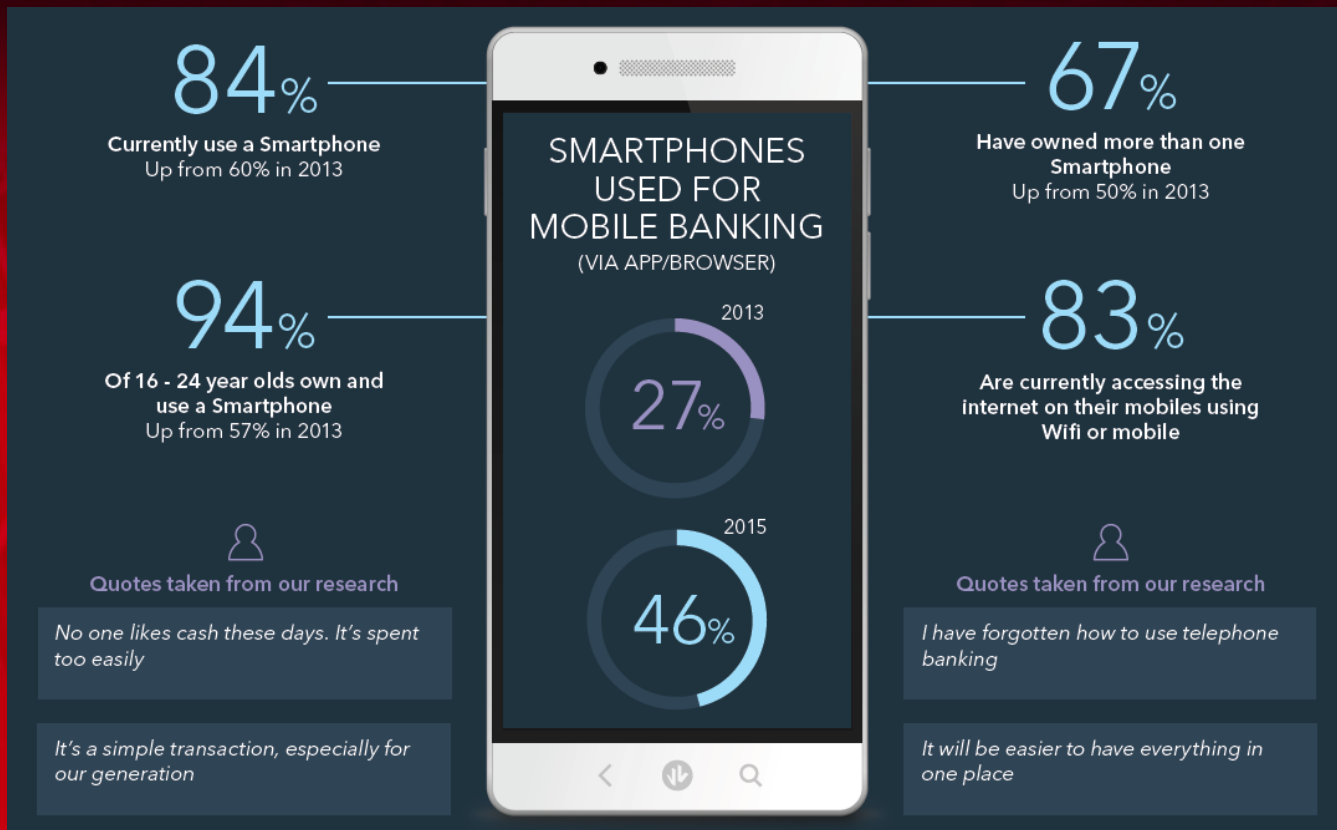
Bank Branch



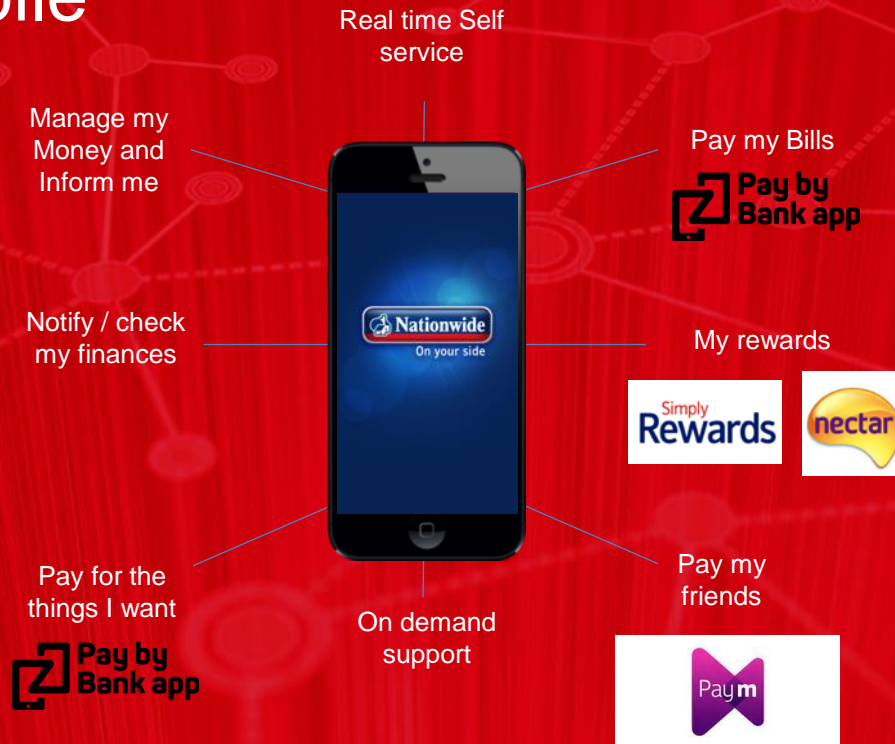
ATMs



Mobile and real-time?



Powered up Banking App – Your Money on Your mobile



No paper, no cards, no hassle, just your money on your mobile

Real-time payments for real-life



Insurance
payouts



Government
benefit payments



Money
remittance



Daily/weekly
wages



P2P payments



Loan
fulfillment



Electronic bill
presentment and
payment



Pre-paid
top-ups

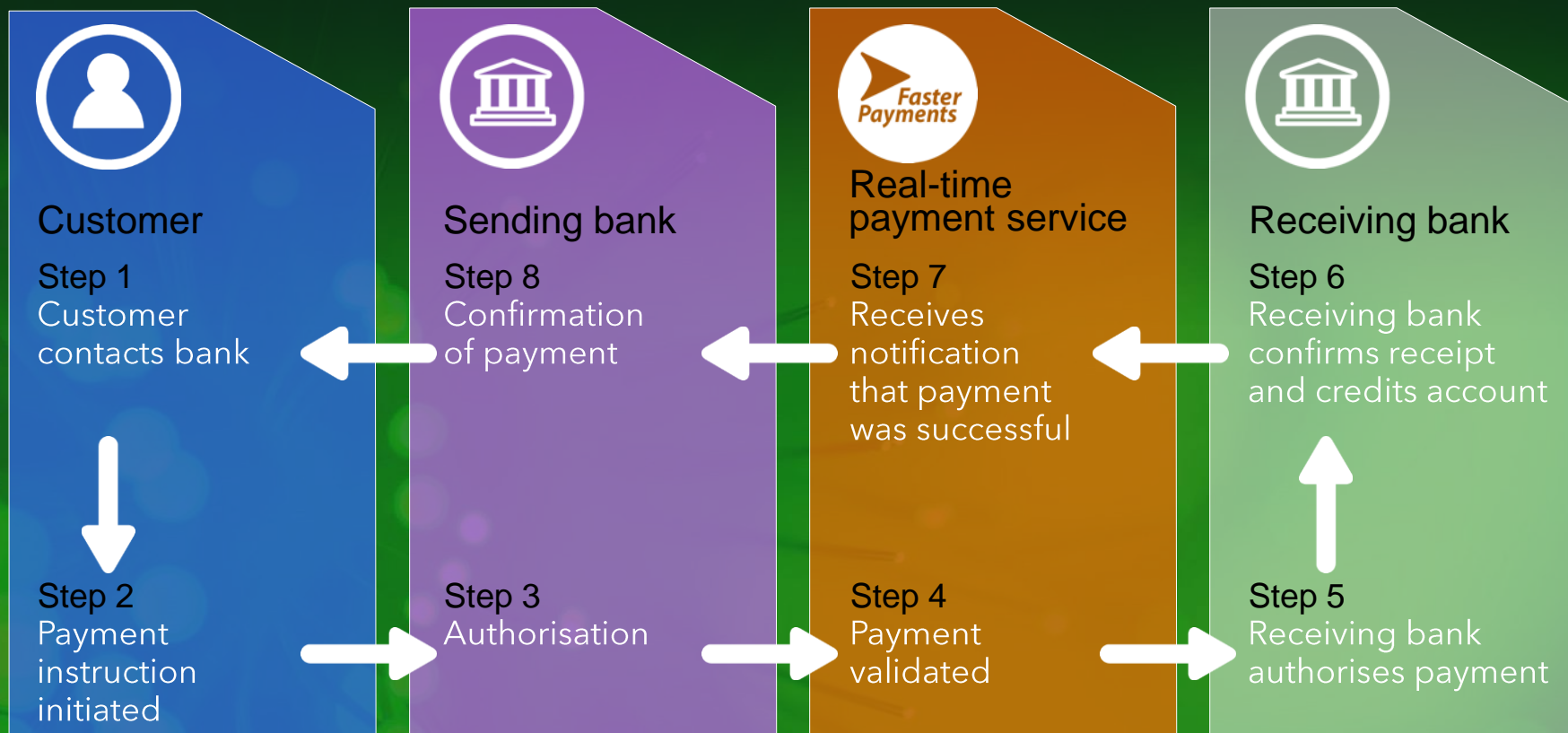
Real-time payments – service characteristics

The key characteristics of a real-time service that delivers real value and can transform payments are as follows:

- 24 x 7 operation
- Supports the full range of customer channels
- Coverage (reach)
- Payments delivered in seconds
- Standards based
- High availability (99.99%+)
- Certainty of funds
- Secure
- Scalable



Real-time payments – a typical flow



Faster payments is a huge success in the UK

20.2 million

Peak daily transactions
(3 May 2016)

6.5 billion

total faster payments transactions
processed up to 30 September 2016

£1 trillion

value of Faster Payments
processed in 2015

£1.2 trillion

estimated value of Faster Payments
transactions processed in 2016

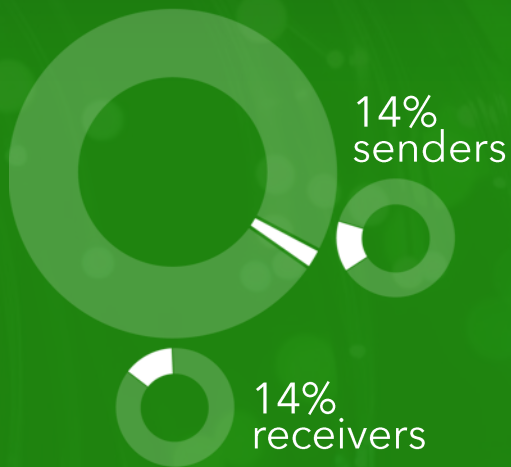
Continued growth of real-time payments

Remote banking single payments per month

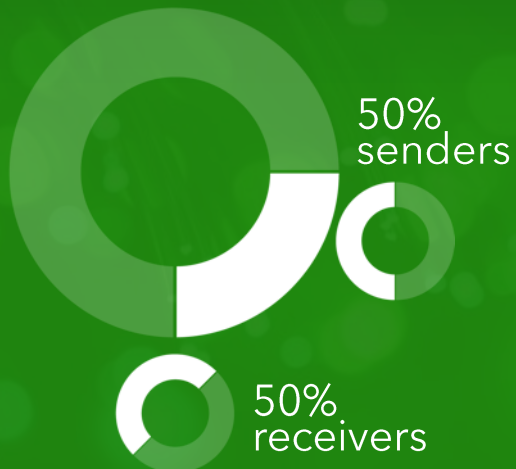


Ubiquity is critical

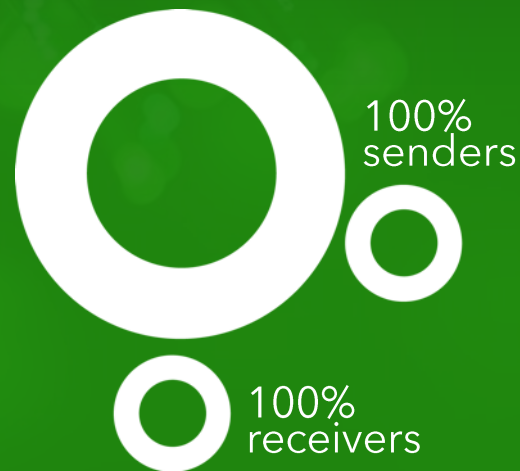
2%
of potential
transactions



25%
of potential
transactions



100%
of potential
transactions



Mobile and online create huge opportunities



1. Push

Payment mechanism

Proposition



Person2Person



2. Pull

Payment mechanism

Proposition



Bill Pay



Small, Medium
Businesses



Online



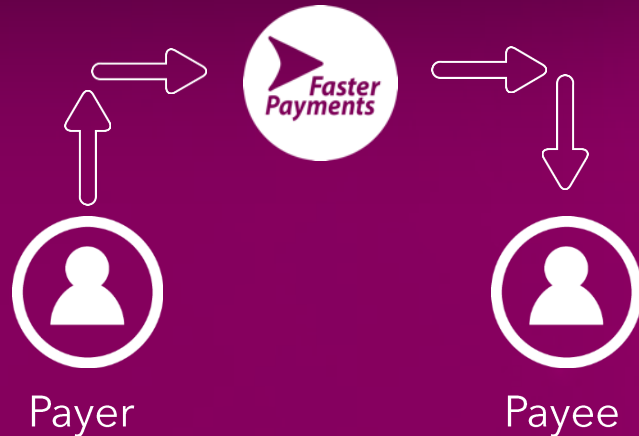
APIs



Bricks & Mortar

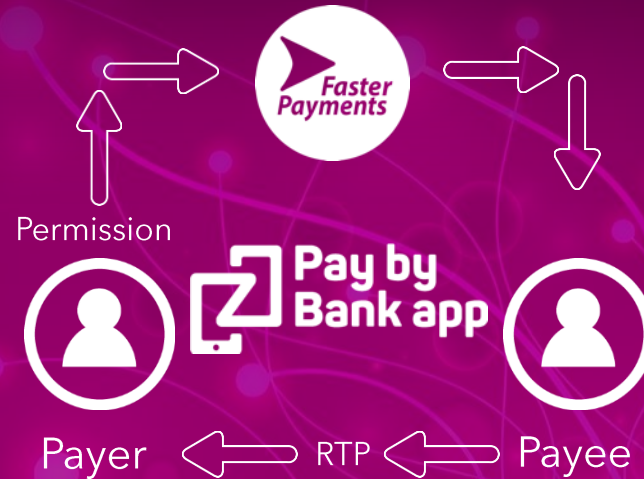
Pay by Bank app: Reverses the logic of the payment flow

Traditional push payment



- Requires entry of payment details
- Onus on payer for data entry
- Reconciliation challenges

Request to pay (RTP) based payment (ZAPP)



- Based on request to pay
- Designed for commerce
- Easy reconciliation
- Payer in control
- No personal information transmitted
- A payment system for the digital world

Challenges for financial institutions



Change in landscape

From a world of batch to real-time represents a seismic shift for banks
24/7 availability



Scheme related obligations

Speed of response
Speed of payment submission
Posting of funds to customer account or channel



Opportunity

Develop new customer propositions and offerings based on the real-time rails



The scale of their ambition

How great is their need?
How fast and how big do they want to grow?

Current VocaLink real-time gateway product capabilities

IPS GATEWAY

Message
Processing

State
Management

Security
Processing

PAYPORT

Stand-in

Checking &
Validation

Message
Format
Flexibility

Real-time provides the backbone for today and tomorrow's digital lifestyle

- Ubiquity, portability and convenience are the key drivers for adoption
- It's about putting the bank account back at the heart of the payments
- Industry collaboration is essential for service ubiquity
- VocaLink is a world leader in the design, development and operation of real time payment services, innovative service overlays and access solutions





VOCALINK