



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 a grid of blue dots, overlaid on a dark purple background with a network of thin, light purple lines connecting various points. Several larger, colored dots are scattered across the map, representing different categories of payment systems. The colors correspond to the legend on the left: yellow, green, orange, grey, purple, pink, and blue.

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

Changing consumer behaviours

Money



Cash



Cheques



Cards

Channel



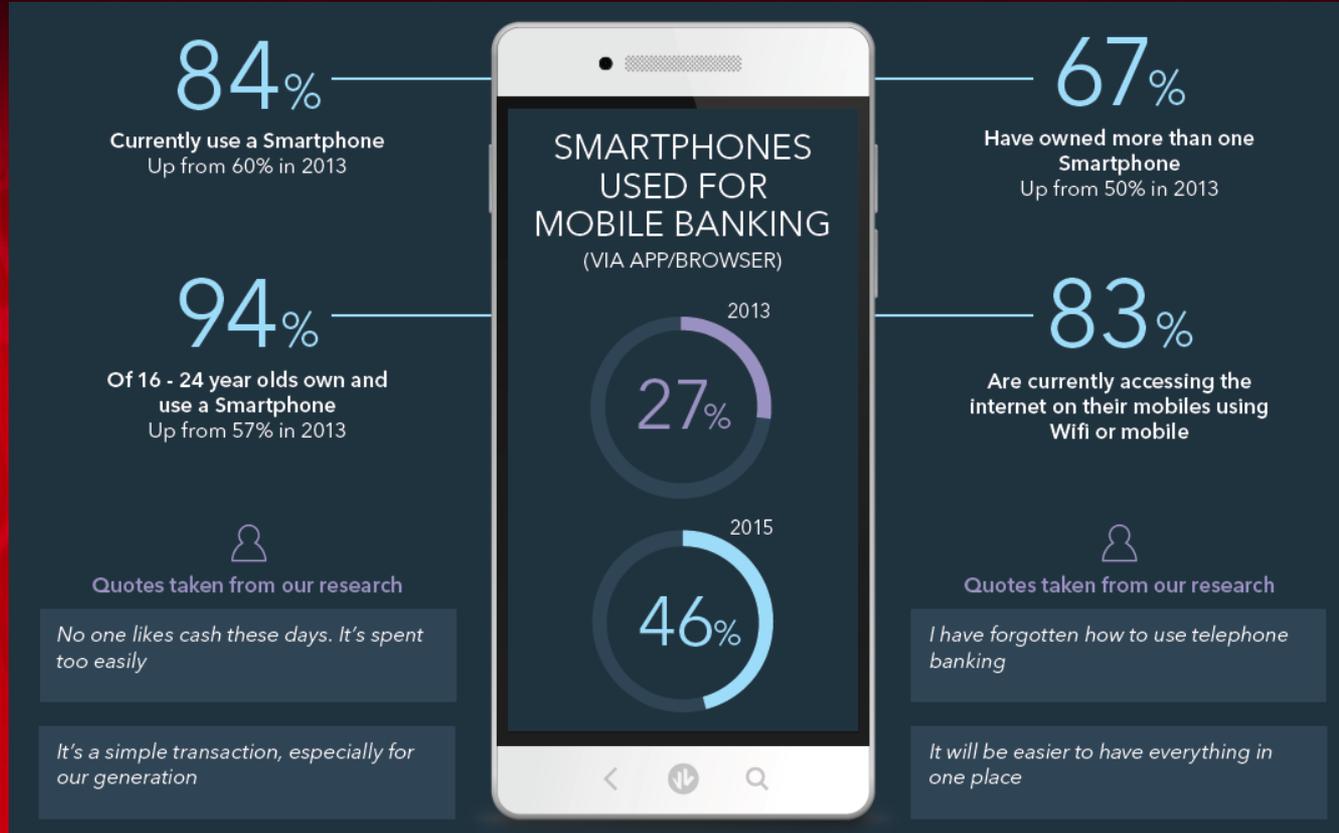
Bank Branch



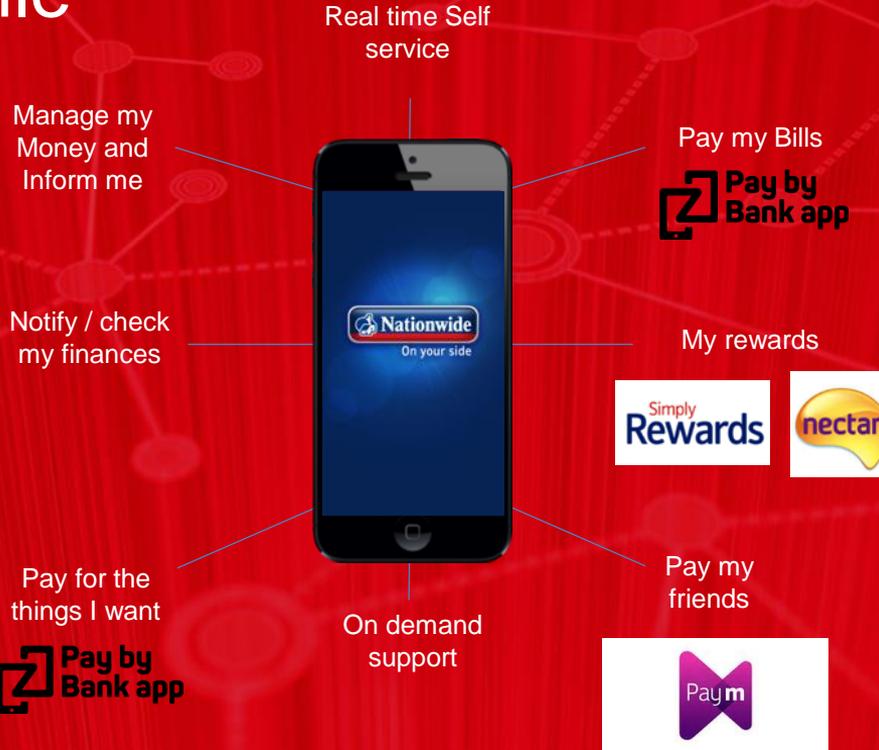
ATMs



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

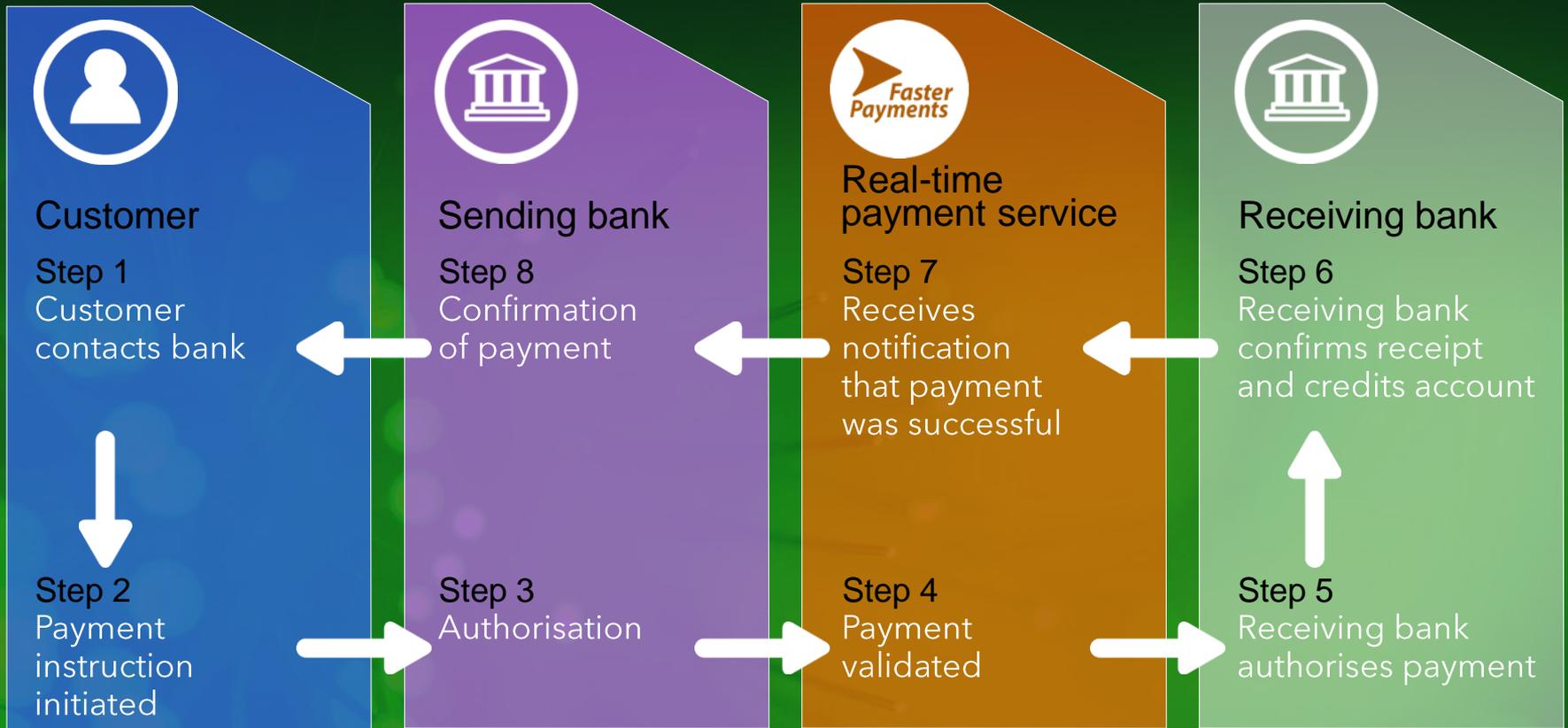
Real-time payments – service characteristics

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

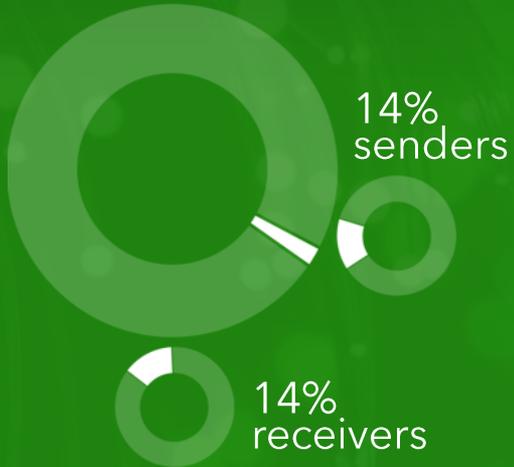
Continued growth of real-time payments

Remote banking single payments per month

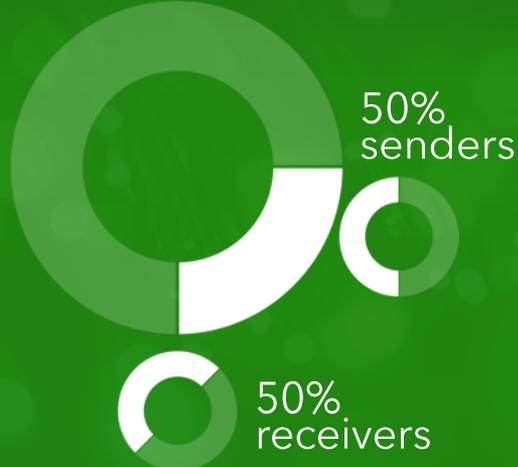


Ubiquity is critical

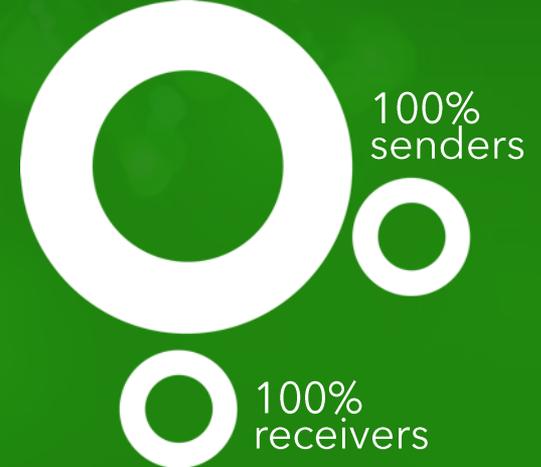
2%
of potential
transactions



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



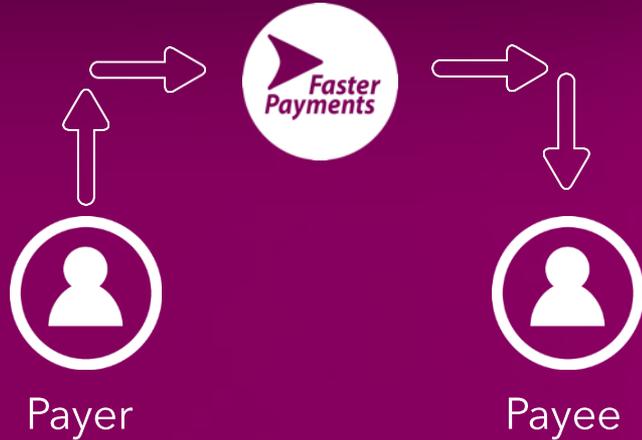
APIs



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



PAYPORT



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