



Fads, Facts and Future

Maurice Cleaves, CEO Payments UK

25 February 2016

Who we are:

Payments UK is the trade association supporting the rapidly evolving payments industry. Payments UK brings its members and wider stakeholders together to ensure the UK's payment services work better for customers and that the UK payment services remain world-class. We represent our members on payments initiatives in the UK, in Europe and beyond.

We provide a single voice for the industry to help shape the future of payments. We help simplify the complex and changing payments landscape for you. We bring the payments community together to help you deliver changes to benefit you and your customers.

What we do:

1

We represent our members on payments providing advocacy and developing policy positions, influencing and engaging with an authoritative voice in UK, Europe and globally.

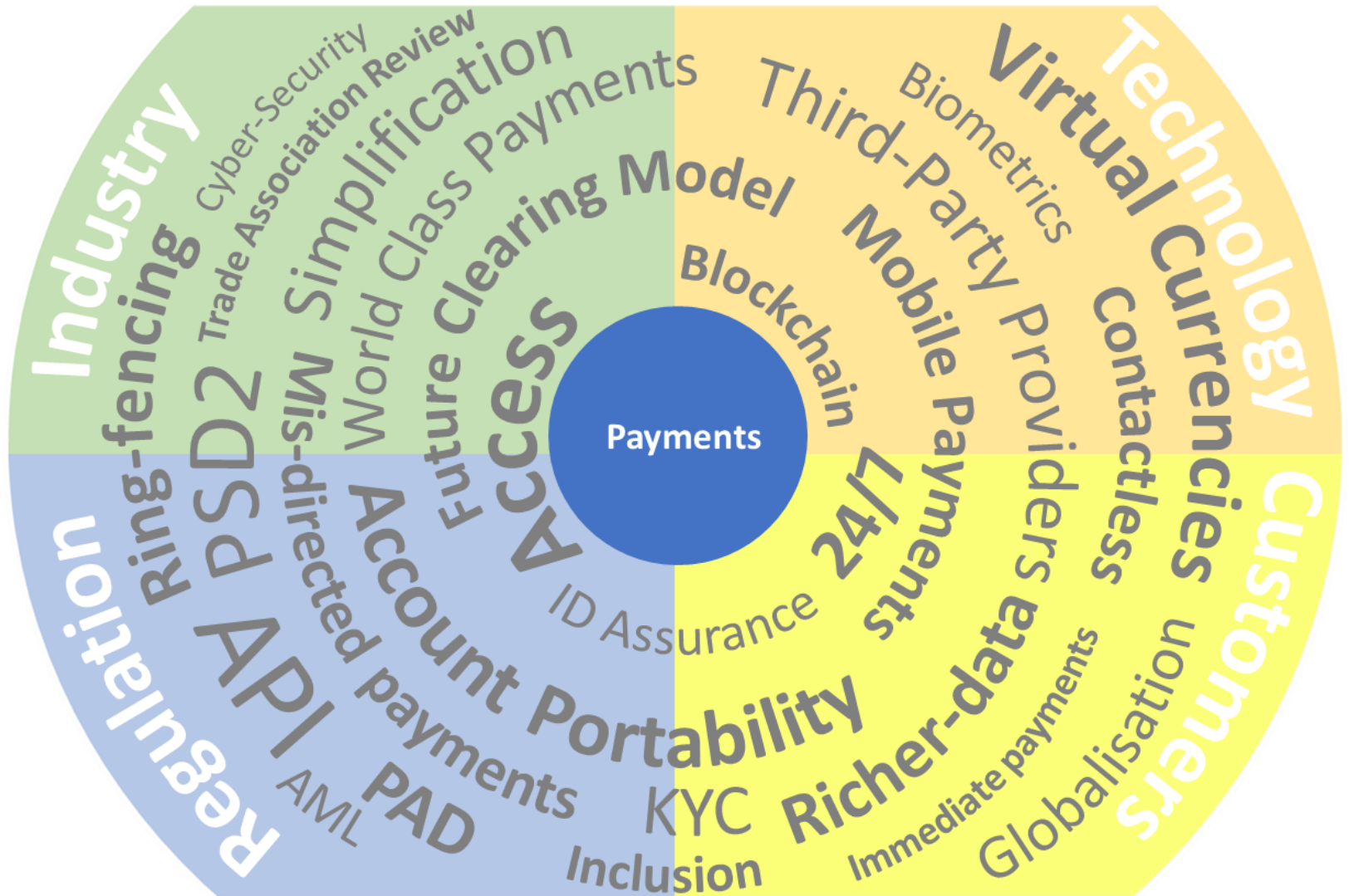
2

We provide payments knowledge, expertise and thought leadership to the industry and other stakeholders, acting as a centre of excellence for payments.

3

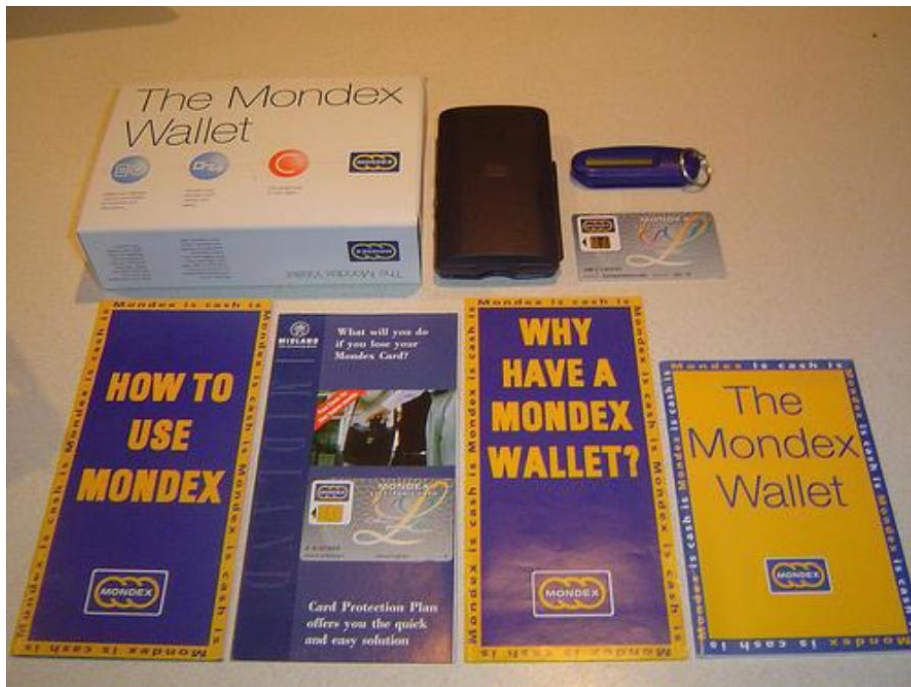
We deliver collaborative change and innovation on behalf of Members, whilst working to ensure customer needs are understood and met.

The Payments Arena



Fads

Definition of a fad – An intense and widely shared enthusiasm for something, especially one that is short-lived; a craze.



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/ Second Quarter 2001 / Issue 23 (originally published by Booz & Company)

TECHNOLOGY

Why Banks and Telecoms Must Merge to Surge

In Europe last year, telecommunications and financial companies joined at a rate of one alliance a month. The trend will go global, because financial content is where the money is.

by Wouter Rosinsh, Adam Seale, and David Osborn

In a 1995 speech, Hugh McColl, Jr. said, "As every school child knows, the dinosaur didn't survive the Ice Age.... It's not that he lacked the capacity to evolve. He just didn't have the time. Unlike the dinosaur, bankers can see the changes ahead. We have a choice in the matter. The dinosaur never did." The CEO of what is now called Bank of America was speaking to an audience assembled by the Banking Administration Institute, an old-line education and research organization serving the industry.

Mr. McColl's leap from Ice Age dinosaurs to Internet Age banks may have been a stretch. But there's no doubt that after more than 20 years of change, and innumerable predictions of their demise, commercial banks are bigger and more profitable than ever. Retail banks have held their own despite a declining share of financial assets and successive threats from brokerage houses, national retailers, automobile companies, and even software makers. However, none of the banks' challengers have put together the combination of customer value, convenience, and trust necessary to be an effective alternative. Banks have been protected mainly by a strong hold over payments, branch banking, and deposit insurance systems, as well as sheer consumer inertia.



Peter Kramer

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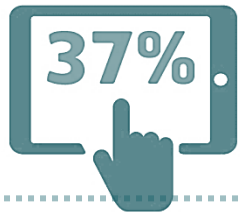
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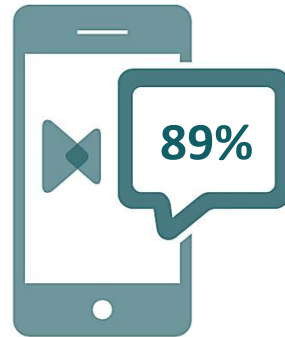
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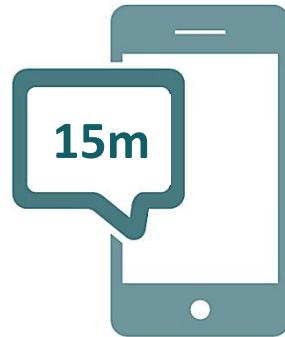
Facts



Approximately 37% of all online card purchases were completed via a smartphone or tablet



The number of Paym payments is almost doubling every six months, with an increase of 89% in the second half of 2015

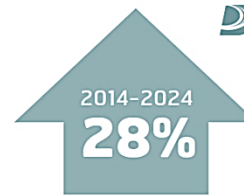


In 2014 the number of mobile bankers rose nearly 70% to 15.0 million adults from 8.9 million in 2013

By 2024, total cheque transaction volumes are projected to fall by:



bacs **CHAPS Co** *Faster Payments*



Volume of all automated payments (Bacs, Faster Payments, CHAPS) is projected to grow by 28% in 10 years to 2024



Spending on contactless cards increased by 331% during 2014 and has increased a further 238% in the year to November 2015

Remote banking person-to-person payments Volumes increased by 40% from 2013



UK adults using different remote banking channels:



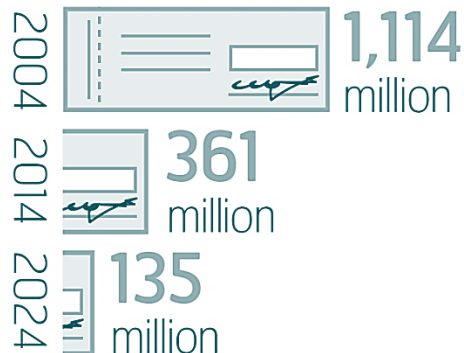
Internet Mobile Telephone



Faster Payments

One-off Faster Payments volumes 2.5 times increase from 2014

Consumer cheque volumes



2004



2014

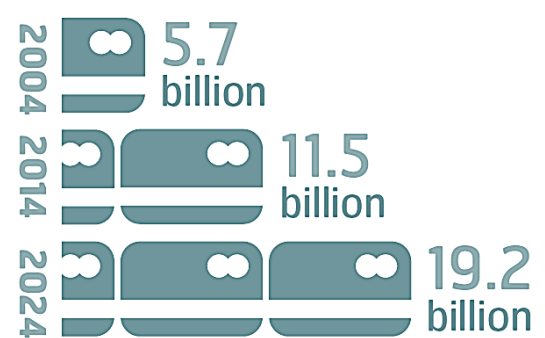


2024

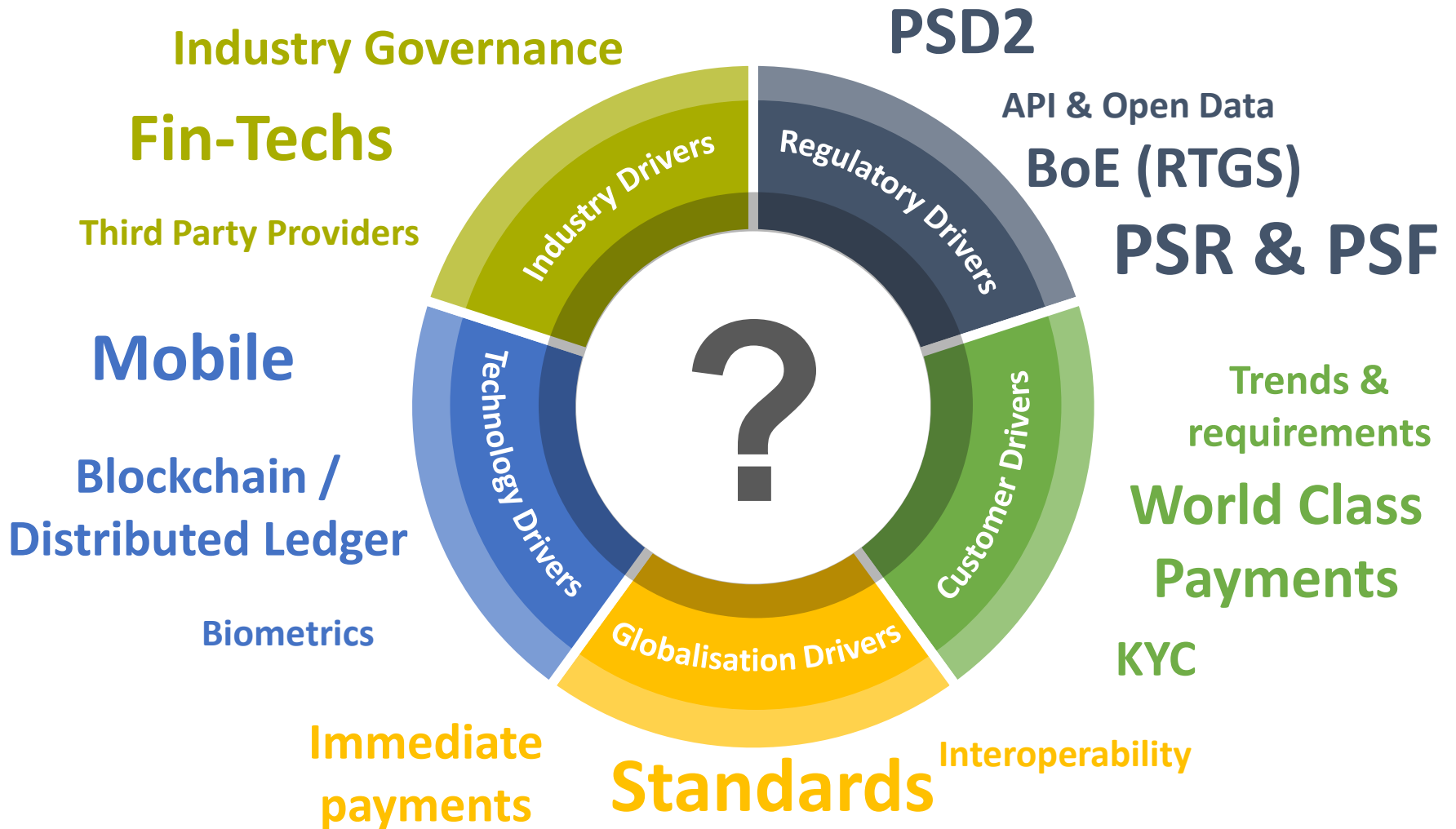


Proportion of all transactions (business and personal) in the UK paid using cash

Total payment card purchases:



Drivers of Change and Change of Drivers



Future

Financial Services
Trade Associations
Review
Recommendation
November 2015



Speech

A New Heart for a Changing Payment

Speech given by
Minouche Shafiq, Deputy Governor, Markets & B

Bank of England
27 January 2016

PAYMENT SERVICE PROVIDER ACCESS

Widening access
February 2016



INTRODUCTION TO ISO FOR U.S. FINANCIAL IN



Payments Community Roundtables

Monday, 25th January and
Tuesday, 26th January 2016

of
areas

Technology lock chain

Researched and written by Nasreen Quibria



Government Chief Scientific Adviser

Open Banking Standard | Open Data Institute 2016

15 December 2015

11. Directive 2002/87/EC of the European Parliament and of the Council (OJ L 26.10.2002, p. 16) and Directive 2006/48/EC of the European Parliament and of the Council (OJ L 13.05.2006, p. 1) and Directive 2009/137/EC of the European Parliament and of the Council (OJ L 304.22.11.2009, p. 41).

World Class Capabilities

Requirements identified by Payments UK's World Class Payments Report:

Research and feedback from customers was analysed to identify the capabilities or features needed to maintain world class payments in the UK.

Thirteen core capabilities have been identified falling into two broad categories:


- **Open access to the payments infrastructure**

Improved access to the payments infrastructure for all those who offer payments to customers; this includes new and existing providers in the marketplace. This is a crucial enabler to continue to allow healthy competition and innovation in the industry.

- **New features and services for customers**

New features and services which give customers more control and confidence, supporting growing demand for real-time payments.





**Fad, Facts or Future?
You decide.**



Links to reports and publications referred to in presentation

For the stats (these are the stats reports for purchase) -
<http://www.paymentsuk.org.uk/industry-information/publications>

For the World Class Payments Initial Report and follow up international comparisons as well as Pay your way information -
<http://www.paymentsuk.org.uk/industry-information/reports>

For the Government Office of Science report into Distributed ledger technology - <https://www.gov.uk/government/publications/distributed-ledger-technology-blackett-review>

For the Open Banking Working Group report into the Open Banking Standard - <http://www.scribd.com/doc/298569302/The-Open-Banking-Standard>