

# INNOVATION IN PAYMENTS

The payments industry today is in a state of flux, with several technological, economic, and demographic factors cutting across the length and breadth of the value chain. The industry is witnessing rapid growth in innovations across the value chain, thus making it more fragmented. Non-banking payment service providers in the form of financial technology start-ups (Ripple, Chain) and established non-payments technology giants (Apple, Facebook, Google, Amazon) have caused disruption and disintermediation in discrete parts of banking and the payments landscape.



# Witness the Front-End Innovation

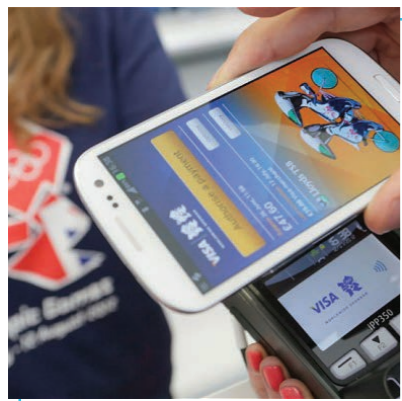


**Front-End innovation in the payments industry continues to gather pace with developments on both retail and merchant fronts, with mobile and social platforms driving the demand for new services leading to multichannel commerce**

- ✓ Several innovations in open-loop, closed-loop, and integrated payment applications are augmenting the customer and merchant experience
- ✓ Such innovations are making transactions effortless by providing a seamless experience for customers
- ✓ Most of these innovations have altered the customer-facing processes, while they have not impacted the underlying infrastructure
- ✓ Demand for in-app payments such as Uber, where the payment mechanism is embedded within the mobile app is also on the rise and some key players including Apple Pay and Android Pay are targeting this segment

## Levers of Front-End Innovation

### Technological Enablers



Contactless technologies (Near field communication, Host card emulation, Bluetooth low energy, Quick response code) They provide a means of effecting business transactions in a flexible, secure, standard way with minimal human intervention.

Starting around 2005, a major application of the technology has been contactless payment credit and debit cards. Some major examples include: ExpressPay–American Express, PayPass – MasterCard, Zip–Discover, payWave – Visa

### Applications in Payments



P2P apps (Paym, Zapp, Swish)



Mobile money (Mpesa, bKash)



Retailer-based closed-loop solutions (CurrentC)



Mobile wallets (ApplePay), Digital wallets from banks (PingIt)

### Key Drivers

- ✓ Technological advancements in hardware (mobile point of sale, contactless, near field communication (NFC), and wearables) have led to increase in payment channels for retail customers
- ✓ Adoption and proliferation of mobile payments including usage of apps and digital wallets has led to the entry of non-payment technology firms into the payments landscape

### Trend Overview

- ✓ Front-End innovations are facilitating customers and merchants with commerce transactions that are independent of location and channel
- ✓ Few examples of these innovations include mobile wallets (Android Pay), closedloop solutions (CurrentC, Starbucks), mobile merchant payment solutions (Square), and machine to machine apps (bPay, MagicBand)
- ✓ Some of these innovations are emerging as new data-intensive marketing platforms for merchants and financial institutions (FIs)
- ✓ Merchants are also looking to leverage new technologies such as Internet of Things (IoT) to leverage real-time transaction data to understand consumer behavior
- ✓ Such innovations have also catalyzed usage of the mobile payments segment, which is expected to grow at a CAGR of 23.2% through 2020 with merchandise and money transfers being the top two areas in the segment
- ✓ Peer-to-peer (P2P) money transfers, mobile money schemes, and retail shopping payments have witnessed the highest innovation levels, while corporate and business-to-business (B2B) segments are expected to catch up soon



# ADVANCING PAYMENT INDUSTRY INNOVATION

- Enabling transactions in new ways with disruptive technologies
- Architecting computing environments for end-to-end transactional security
- Bringing new consumer experiences to market faster
- Delivering expertise across the value chain to advance global standards and the shift to digital, analytics-based operations



Source: <http://www.intel.com/content/www/us/en/retail/solutions/infographics/advancing-payment-industry-innovation-infographic.html>



# ADVANCED INNOVATION IN PAYMENTS 2016

## 3 Day Master Class

 8th-10th November 2016  Hotel Grand Millennium, Malaysia

### COURSE LEADER



David Cole has over thirty years' experience in cards, computing and management services. He has excellent knowledge of applications in the credit, debit, salary, pre-paid and payment card industry. Over the last twenty years he has been involved heavily in the development strategic approaches to payment processing, mobile payments, remittances and the emergence of Smart Cards and the EMV standards, since launching the first EMV cards in 1997. He has become a leading exponent in the use of electronic payments across all market sectors, to exploit and utilize the opportunities the technology provides for expansion of the business into new sectors such as the unbanked, efficiency of operation, and the drive to increased profits. He has developed strategies and implemented programs to support the use of all types of payment technology in many environments.

David has consulted and worked with Citigroup, Morgan Stanley, Lloyds TSB, Barclays, American Express, Visa International, MasterCard, National Commercial Bank, Arab Financial Services, Euronet Worldwide, Interast, Erste Bank, ValuCard, Savantor Ltd, Compaq, IBM, ATOS, Capital One, Ikano, Verifone, Global Insight Group, Egg PLC, Shell etc.

His experience has covered Card Launch, Transaction Outsourcing, International Merchant Settlement, Remittance Processing, Mobile Payments, Remittances, EMV Smart Card developments in all market sectors, Secure Electronic Commerce and other related applications. In addition, he has worked on ATM, EFTPOS, Fraud Systems, Card Management, Billing Systems and the International Payment systems.

### OVERVIEW

The course is designed to provide attendees with a complete picture of the innovation and change that is going on in the payments market. It examines what from the past has not changed and is unlikely to do so, the ways new technology is changing the markets, the new competitors entering the market and the changes this will bring. It also examines the way the regulators across the world are changing the way we work and being a disruptive factor in the changes required and mandated.

The aim is to open all of the new payments innovations up to discussion by the attendees to ensure that every aspect of this exciting and challenging market is discussed.

### LEARNING OBJECTIVES

- Understand where the money is made and how to plan growth realistically in an era of change.
- Discover emerging markets and their potential and identify the drivers that will develop the payments business.
- Learn how to select the best product to suit your customers and which factors to consider in any new project
- Plan the launch of a payment product into a new geographic marketplace

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