

# IN FOCUS

## Payment Trends

**John Chaplin,**  
Global Payments Innovation Jury  
*Focus session, 28 March 2017, Frankfurt*

# Global Payments Innovation Jury 2017

THE INSIDER'S VIEW TO PAYMENTS INNOVATION

***John Chaplin***

*Chairman, Global Payments Innovation Jury*

*Fintech Adviser, Helios Investment Partners*

ECB Focus Session, 7 July 2017, Frankfurt

## Biography – John Chaplin



Executive Vice President, Visa - 7 years

Vice President, First Data International - 4 years

Fintech & Payments Adviser, Helios Investment Partners

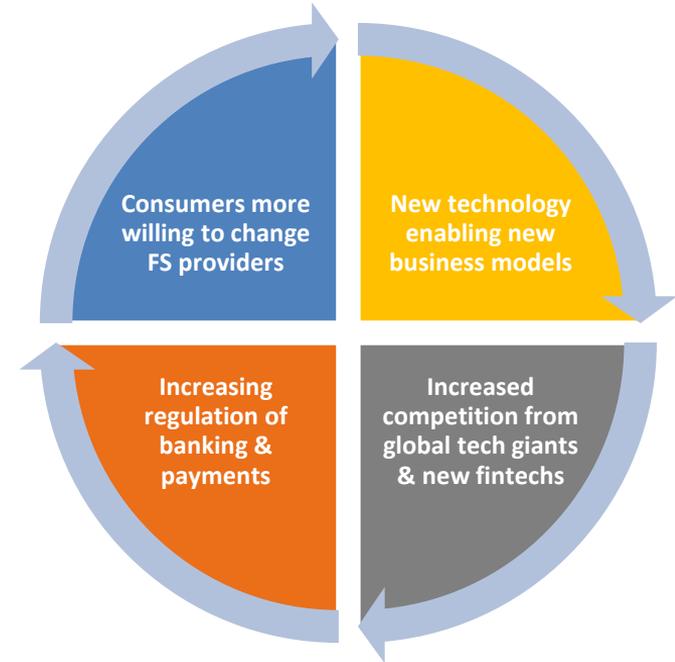
Adviser to multiple central banks & national payments companies

Worked with payments organisations in 49 countries

Independent researcher in domestic payments systems & regulation

Chairman, Global Payments Innovation Jury

# Major forces are impacting the payments industry



# Conflicting views of the future



Cards are yesterday's products – the future is real-time credit push

Apple Pay to revolutionise payments

40% of bank revenues will be taken by fintechs within 5 years

Visa posts stronger than expected results

Millennials will never visit bank branches

Social networks are the payments giants of the future

PSD2 will revolutionise retail payments in Europe

The future of payments is mobile

Wallet purchases per person have declined to 3 transactions per month

Blockchain technology will revolutionize payments

# Conflicting views of the future



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# Who needs to see the light?



- 🎯 Entrepreneurs
- 🎯 Investment firms
- 🎯 Regulators and central banks
- 🎯 Established firms benchmarking strategies

# Global Payments Innovation Jury



- ◆ Invitation only panel of 70 CEOs from 37 countries all with real payments track record
  - ✓ Bankers, mobile money, PSP's, non-bank FI's, remittance providers, agency networks
  - ✗ Analysts, commentators, consultants, start-ups
- ◆ Every 2 years since 2008 → 2017 is the 5<sup>th</sup> jury
- ◆ Not for profit, sponsors generously defray costs



# Global Payments Innovation Jury 2017

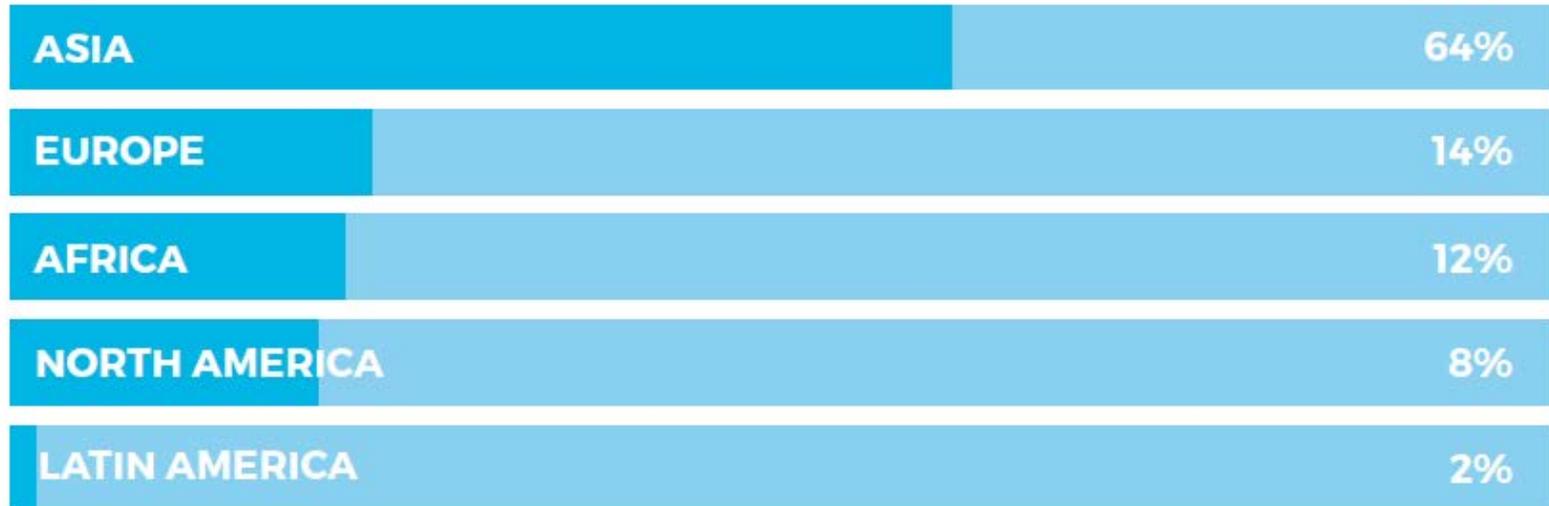


## Contents

Introduction	4
<hr/>	
<b>SECTION 1</b> The Global Picture	6
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<b>SECTION 2</b> Investment, growth and exit: the life of a payments startup	12
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<b>SECTION 3</b> How established firms are responding to new market entrants	19
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<b>SECTION 4</b> Top 5 Trends	25
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<b>SECTION 5</b> Hype Versus Reality	45

# The global payments innovation picture

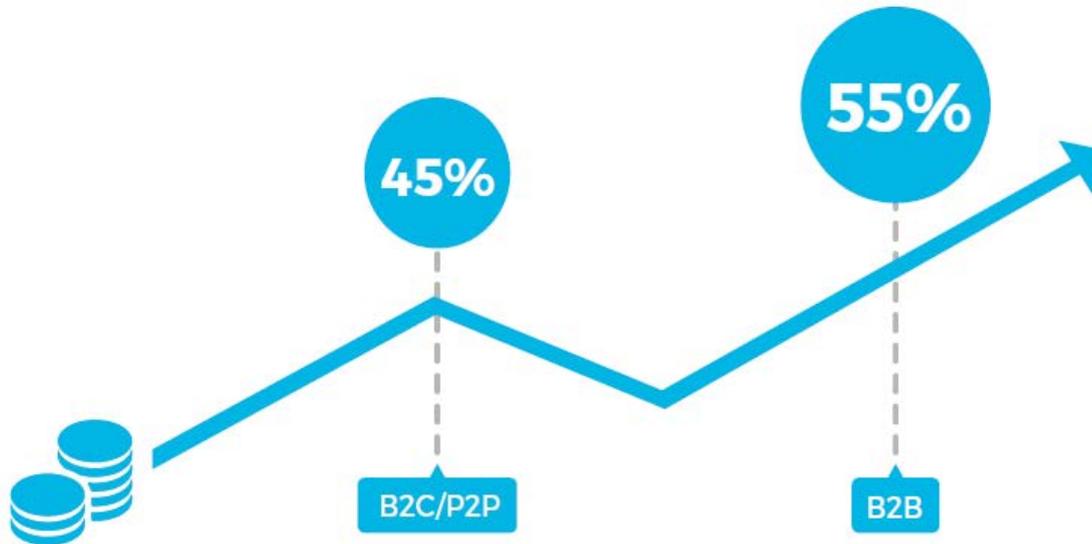
Q: Which region will show the most payments innovation over the next 24 months?



# The global payments innovation picture

But... global investment preference for B2B vs B2C varies by region

Q: Which payments sector has the best profit potential in your market?



# Reasons for startup failure

Q: What are the biggest reasons that payments startups fail?



**26%**  
UNSCALABLE  
BUSINESS  
MODEL



**21%**  
NO ADVANTAGES  
OVER EXISTING  
SOLUTIONS



**15%**  
REGULATION



**14%**  
INSUFFICIENT  
FUNDING



**13%**  
TOO MUCH  
COMPETITION



**11%**  
SKILLS  
SHORTAGE

# The future for payments startups

But... most likely exit for startups can solve the problem

Q: What is the most likely end-game of a successful payments startup?



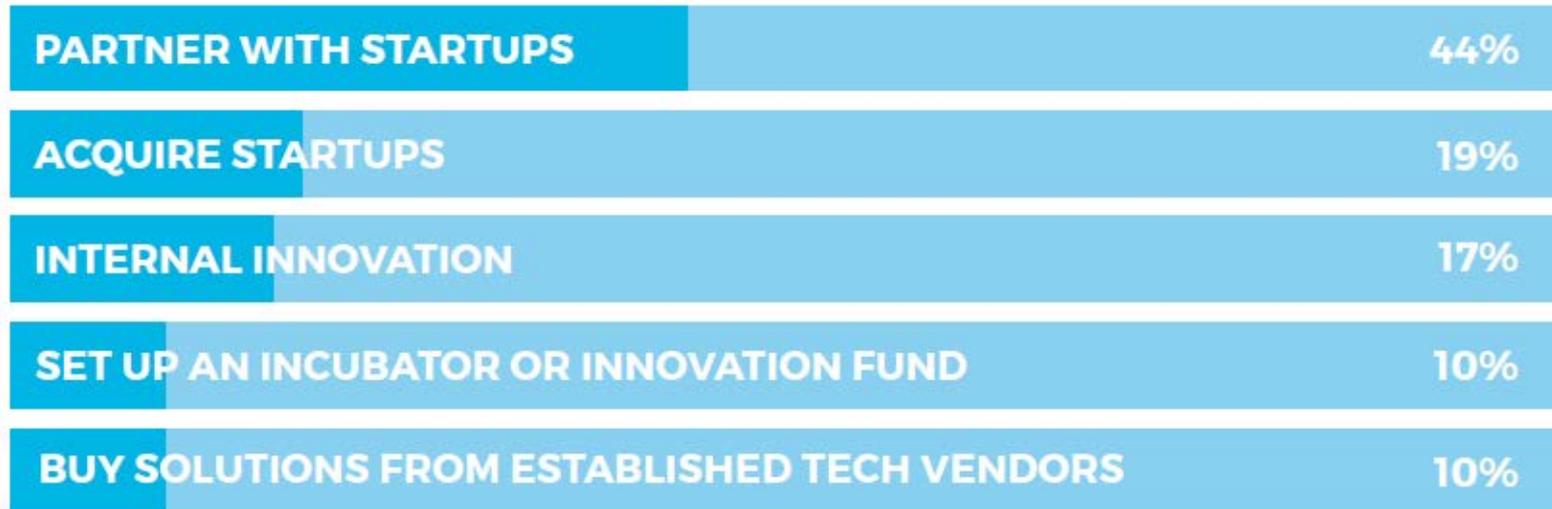
# Threats to established players

Q: Where are established players at most risk of disruption?



# Innovation by existing players

Q: What is the best innovation model for established payments service providers?



# How easy is collaboration?

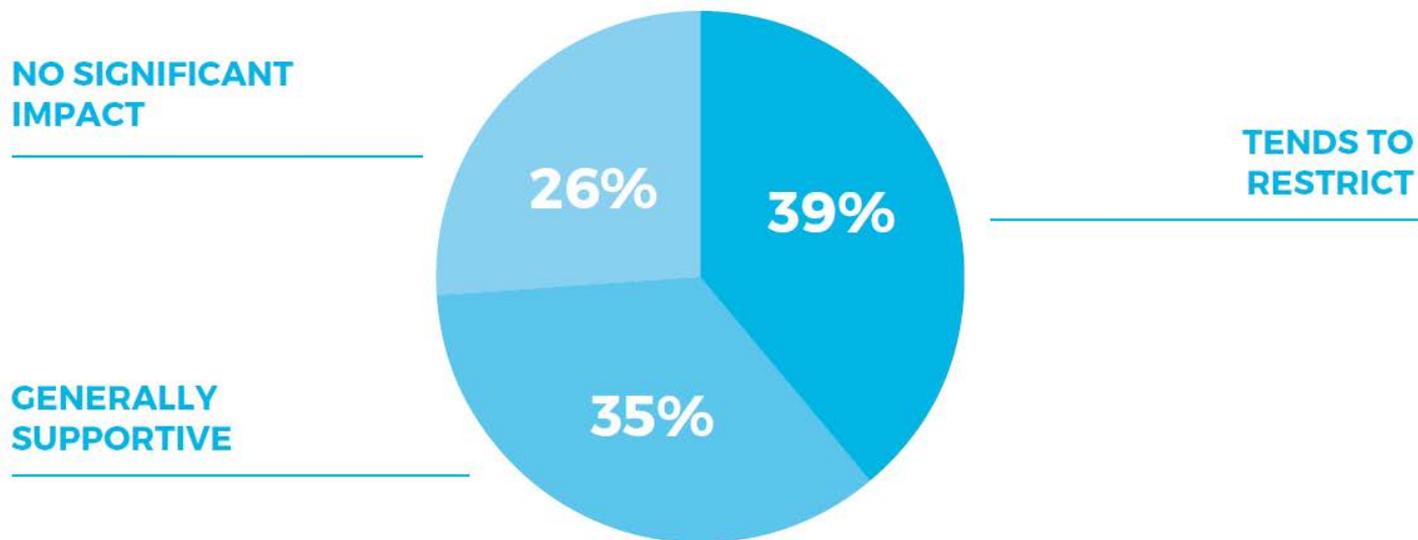
But... reality is that there are major obstacles to overcome

Q: What are the inhibitors to collaboration between startups and established payments firms?



# The role of regulators in payments innovation

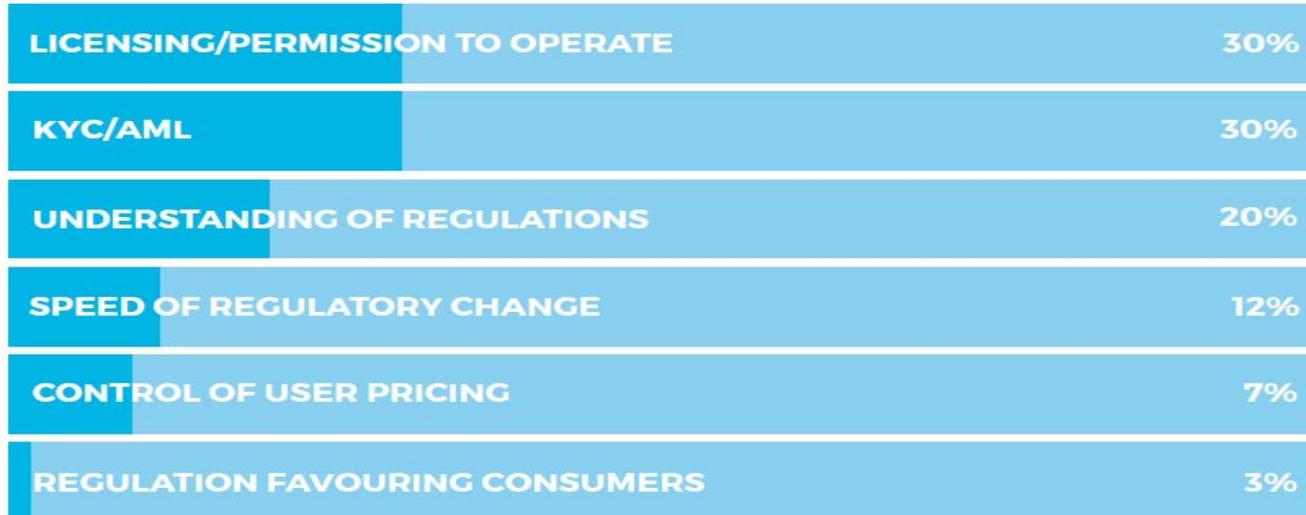
Q: How does regulation impact innovation in payments industry?



# The role of regulators in payments innovation

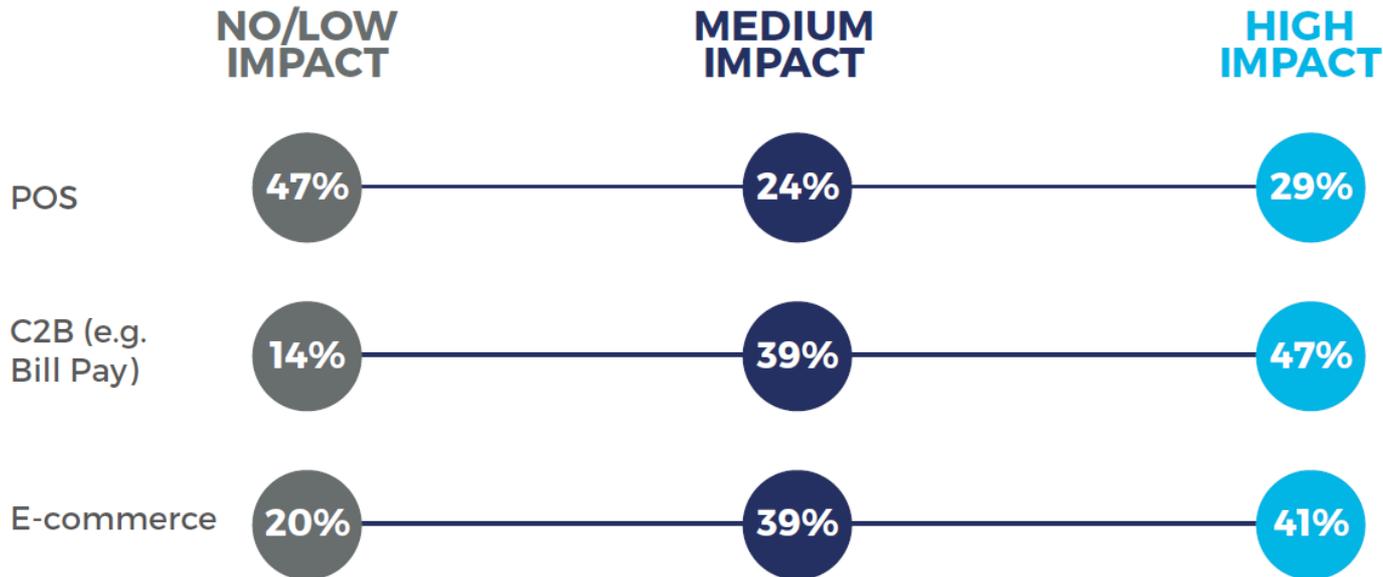
But... regulation has different impacts on new payments businesses

Q: Which aspect of regulation causes the biggest problem for a new payment business in your home market?



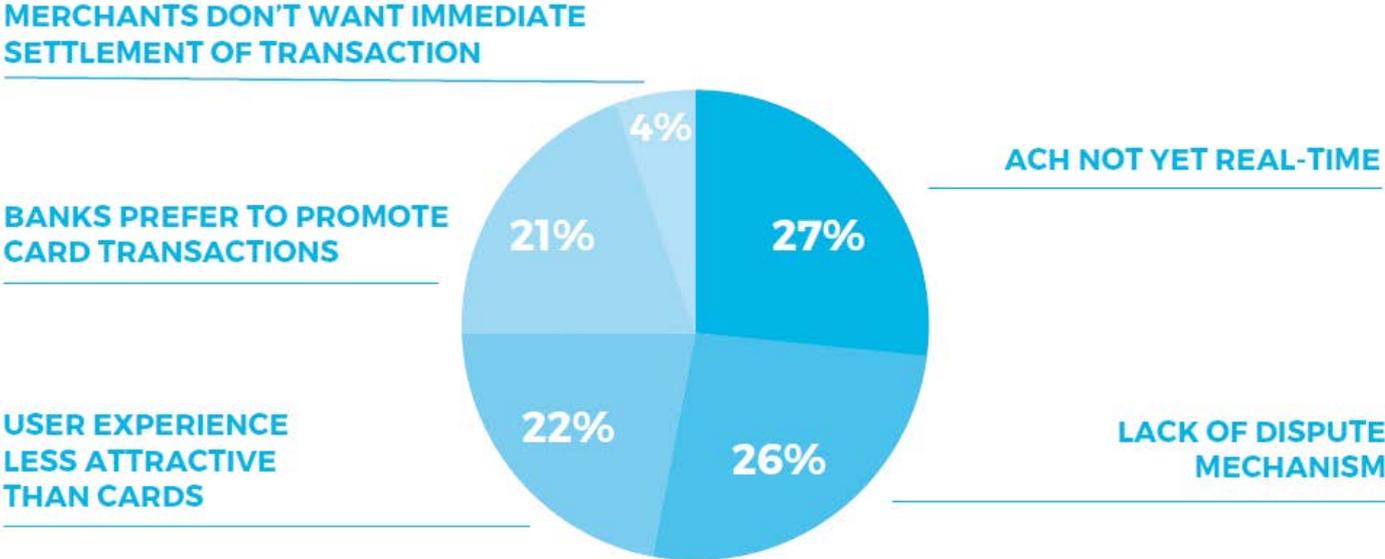
# The prospects for real-time ACH

Q: Where will real-time ACH have most impact over the next 3 years?



# Barriers to real-time ACH

Q: What resistance must ACH overcome?



# The role of APIs in payments

Q: What will be the role of APIs in next 3 years?



NO SIGNIFICANT  
ROLE



MINOR  
ROLE



MAJOR  
ROLE

# Inhibitors to APIs in payments

But... existing firms have some legitimate concerns

Q: What are the inhibitors to established payments firms publishing APIs?



# Disappearing payments

Q: What will happen to integrated payments over the next 3 years?



# Hype and reality

Q: Which area of payments innovation is currently the most over-hyped?

Past nominations:

Mobile wallets and NFC (2013)

Apple Pay (2015)



**DISTRIBUTED LEDGER  
TECHNOLOGY**

# Distributed ledger opportunities

Q: Where is the biggest potential for blockchain in the next 5 years?



# Learning more about the Global Payments Innovation Jury



Download the report

<https://innovationjury.com/>

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