

Υπηρεσίες Πληρωμών Προκλήσεις και η Επόμενη Μέρα – Payment Services Challenges and the Next Day



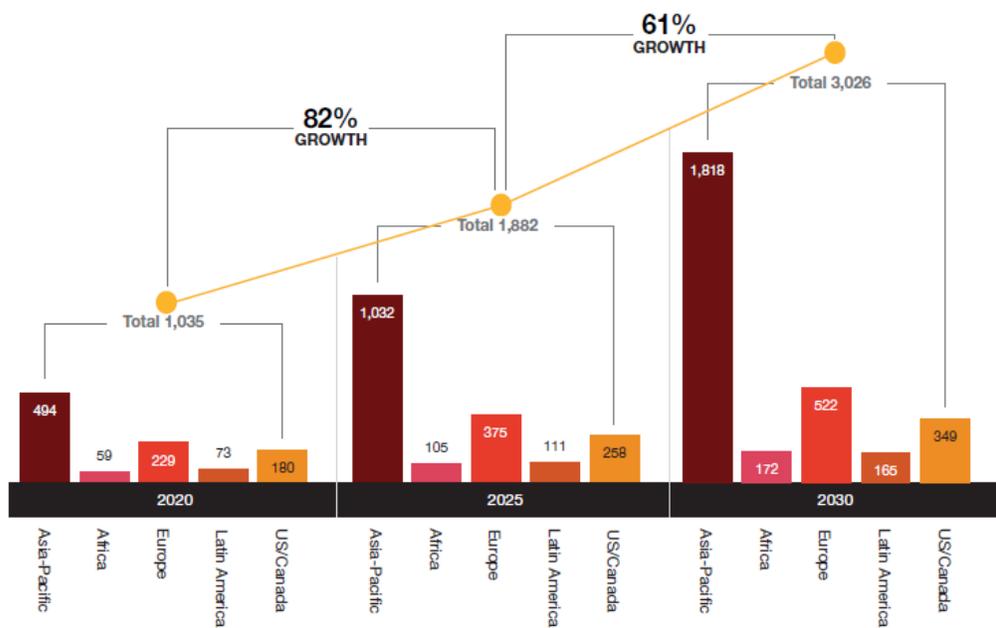
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Payment Services Trends – Cashless Transactions

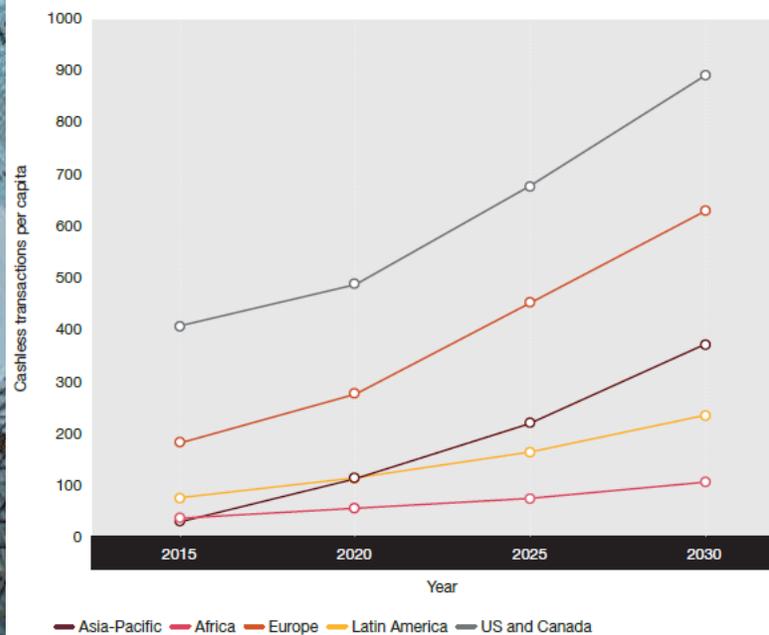
Global cashless payment volumes are set to increase by more than 80% from 2020 to 2025, from about 1tn transactions to almost 1.9tn, and to almost triple by 2030, according to analysis by PwC and Strategy & consulting business.

Figure 1: Cashless transaction volume will more than double by 2030
Number of cashless transactions in billions



Note: Cashless transaction totals for 2025 and 2030 are projections.
Source: PwC Strategy & global payments model, 2021

Figure 2: Cashless uptake is projected to rapidly increase through 2030



Note: Transactions for 2025 and 2030 are projections.
Source: PwC Strategy & global payments model, 2021

64%

Cashless transactions will increase in Europe in the next 5 years

Source: PwC Strategy & global payments model, 2021

Payment Services Trends – Mobile Wallets

Digital wallets allow consumers to load and store payment methods and access funding sources, such as cards or accounts, on their mobile devices. These wallets will be increasingly important as a payment ‘front end,’ as exemplified by Apple Pay and the relaunched Google Pay, and the rise of super-apps WeChat Pay and Alipay in China.

23%

Mobile payments will continue to raise by 2024 globally

Source: PwC Strategy & global payments model, 2021

Use of mobile payments will continue to rise.

- QR code, open banking and super-app proliferation will drive digital wallet adoption.
- Convenience will drive users and usage to digital wallets as a first point of contact—and away from traditional card and banking interfaces.
- B2B and digitized supply chains are the next frontiers for wallets.
- Digital wallets will account for more than half of all e-commerce payments worldwide by 2024, as consumers shift from card-based to account- and QR code-based transactions.

PwC Strategy & global payments model, 2021

Payment Services Trends – Europe Payment Scheme

Building a European payments scheme for card and online payments, the European Payments Initiative has moved from debate to implementation.

The European Central Bank (ECB) welcomes the decision by 16 European banks to launch the European Payments Initiative. This initiative aims to create a unified payment solution for consumers and merchants across Europe, encompassing a payment card and a digital wallet and covering in-store, online and person-to-person payments as well as cash withdrawals.

The European Payments Initiative (EPI) has the potential to transform Europe's payments landscape and replace the current cards system with a system that can be managed from within the EU.

The project involves balancing a mix of commercial considerations by banks and retailers, sovereignty concerns of payment supervisors, the innovation needs of banks and a view of payments as a key enabler of a European digital agenda by policymakers. First results are expected in 2021 and 2022.

Payment Services Trends – Instant Payments

- Is payments evolution leading to instant payments acting as the backbone of card, mobile and online payments?
- What if all payments become instant in the future?
- Are the banks ready to swift to real-time payments?

30%

Instant payments are expected to increase in the next 10 years in Europe

Europe is making serious steps towards instant payments. The EU has called on banks to offer instant payments across the board by the end of 2021 and has laid out a vision for all payments becoming instant.

“

The increasing availability of real-time payment options will fundamentally reshape payment interactions for both consumers and businesses—from how payments are requested to how they are made, received and verified. Payments will also carry more data, so the future will be about leveraging data and analytics to create smarter customer experiences.”

Byron Vielehr, Chief Digital and Data Officer, Fiserv

Payment Services Trends – Open Banking

Open banking connects banks, third-parties and technical providers – enabling them to simply and securely exchange data to their customers' benefit.

Open banking is set to transform the payments landscape, making it possible for fintechs and other innovators to offer new products and services to a wide market. Open banking will take time to become established, but it is a global trend, most notably in the EU but also in other countries such as Australia, Hong Kong and Singapore.

The UK has taken the lead in Europe in giving third-party payment providers access to banks' customer data through application programming interfaces (APIs), with customers' consent, and better protecting user data.

The EU is following, with implementation of its second Payment Services Directive (PSD2). Strategies and scope differ, but there's a clear direction towards non-bank providers. PSD2 is only the beginning focused on securities and payments, it creates the foundation and awareness for the industry's development towards open banking.

Payment Services Challenges – Financial Crime

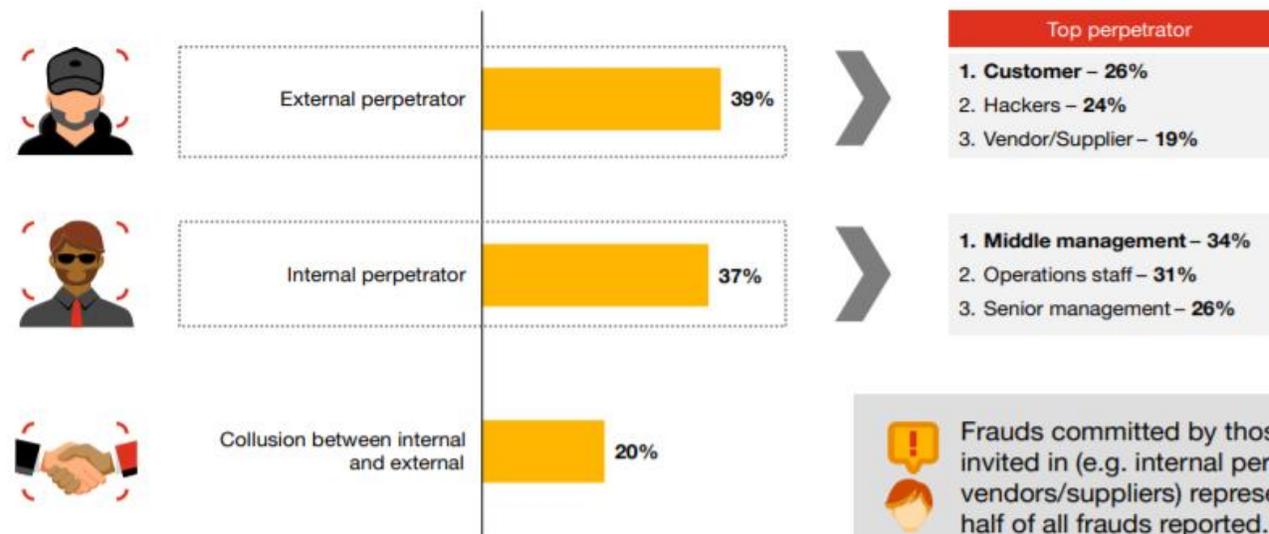
The pandemic's effect in driving increased e-commerce provided an opening for fraudsters.

70%

The average value of attempted fraudulent purchases rose by almost 70% in 2020 from the previous year

Security, compliance, and data-privacy risks and related issues were the top concern for banks, Fintechs and asset managers in implementing a fully integrated technology strategy.

Perpetrators: external, internal and collusion between them



Frauds committed by those you invited in (e.g. internal perpetrators, vendors/suppliers) represent nearly half of all frauds reported.

Source: PwC's 2020 Global Economic Crime and Fraud Survey

Payment Services Challenges – Cross Border Payments

Frustration with the traditional correspondent banking model, considered both cumbersome and costly in a world of complexity.

- Customer experience differs by geography.
- Settling in different currencies adds risks and cost.
- Lack of global payments standardization leads to a lack of interoperability.
- Payment service providers struggle with compliance.

According to PwC Survey 42% of respondents said they felt strongly that there would be an acceleration of cross-border, cross-currency instant payments and B2B payments in the next five years. This expectation is reinforced by the adoption of ISO 20022, a globally developed methodology for transmitting data that provides a consistent messaging standard for payments.

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A remarkable leap in blockchain and digital currency growth shows great promise in dealing with inefficiencies that are inherent in cross-border payments processes. Therefore, in coming years, we will see a significant shift in the payments architecture that will connect payments systems across countries. Such interoperable and connected global systems will further drive an inclusive, sustainable and equitable society.”

Sopnendu Mohanty, Chief Fintech Officer, Monetary Authority of Singapore

Payment Services Challenges – Regulation

Ensuring compliance with current regulatory requirements and making changes to meet changes in regulation is always a challenge.

- Regulators worldwide want to avoid any collapses happening within the payments industry.
- Assessing the regulatory requirements and deploy them requires potential additional time and resources to ensure ongoing compliance is achieved.
- Technical challenges to apply required solutions to meet regulatory requirements.



48%

Data privacy and cybersecurity are the major concerns by management in terms of the impact of regulatory changes over the next five years.

PwC Navigating The Payments Matrix - Survey

Payment Services Challenges – Digital Transformation

The digital transformation in the payment ecosystem is growing rapidly to support innovative technology, regulation, and customer demand.

- Enterprises across industries face the challenge to embrace innovative digital tools in an attempt to better understand customers and offer them a seamless and safe payments experience.
- Lack of enterprise readiness and capability by companies limiting the ability for partnerships with mature financial institutions.
- Management ambition to meet short-term business targets rather than longer term transformation.

“

Digitisation is affecting the entire economy, and payments are no exception. Consumers are looking for a seamless, connected shopping experience in which payment is integrated, fast and reliable. Our customers are looking for personalised shopping experiences, while still being very sensitive to the protection of their personal data. Banks are particularly well placed to ensure the universality, privacy and security of digital payment paths.”

Bertrand Chevallier, Director General,
Crédit Agricole Payment Services

Payment Services Next Day



Understand the current trends is crucial

- Banks need to work with business customers to aid them in integrating payments into their services directly. This will help them deal with a world in which increasingly multifunctional digital wallets and superapps are proliferating.
- Card processors might need to consider moves that position them more effectively for payments initiation, such as partnering with significant digital wallet providers.
- Processors also need to bridge the card- and account-based payment worlds and adopt cloud and AI technologies to avoid being overtaken by a new generation of cloud-based solutions.
- Central banks and supervisors will need to improve their knowledge in order to provide effective supervision of increasingly global players that are not banks



Foresee the future:

- Accelerated by the pandemic, the shift to a cashless society and the increasingly complex role played by payments create a once-in-a-lifetime opportunity for the payments industry to lead in financial services. At the same time, by becoming a cornerstone of the global economy, payments can serve as a catalyst for economic growth, innovation and inclusion.
- You now need to define what your role will be in this evolution. To successfully secure your tomorrow, today, it is critical for you to understand what you need to do to stay relevant and how to improve the customer experience and contribute to a bigger societal purpose.

Payment Services Next Day - Action plan

01 - Repair

- Reduce service costs.
- Revisit investment plans and cut spending on legacy platforms.
- Launch digital solutions.
- Plan to transition to a cloud-based, as-a-service model.
- Prioritize solutions that help retailers and merchants enable e-commerce.
- Improve e-commerce to support retailers in their cashless transition.

02 - Rethink

- Develop strategies for a world increasingly dominated by alternative payment methods.
- Integrate alternative payment capabilities.
- Explore expanding into a wider ecosystem by partnering with other firms.
- Make better use of customer data to rethink customer relationship management.
- Integrate offerings into third-party ecosystems.

03 - Reconfigure

- Establish the infrastructure and partnerships for new services.
- Expand into new offerings, including 'buy now, pay later,' cryptocurrencies and central bank digital currencies.
- Add extra services on top of payment function and offerings.
- Build joint offerings with non-traditional players (Fintechs, big tech) to capitalize on regulatory changes.

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