The Future of Payments
Payments Today

• Our systems are antiquated & fragile
  – Static data, little authentication, fraud, inefficient
  – Consumer segregated from choice & merchant
  – EMV is “last man in” proposition for U.S.

• Modern technology market rules do not apply
  – Lip service to innovation, incrementalism = hegemony
  – “Better, faster and cheaper do not apply

• This inertia is coming to a head
  – Even market powers cannot ignore macro disruptors...
US Payments SOI 2016

- Over $10 trillion in payments
  - $2.4T in paper
  - $6.4T “plastic” or privatized
    - > $60B in transaction costs
  - $1.6T electronic & EBT
- Technology, consumerization, pricing driving systems & funding

Consolidation to debit
U.S. Cstore Profit vs. Card Fees

Durbin saved >$700 million

Source: NACS State of the Industry Survey of 2012 Data & CSX, LLC.
Payments Ecosystem – Business & Consumer

Funding
- Currency $ (Can be consumer or business)
- Prepaid (Does not have to be a bank)
- Credit Line (Not dynamic - regulated)

Systems
- Ubiquity is essential
- Settlement essential
- Little change, but some OPPORTUNITIES HERE

Method
- Ubiquity is essential
- Standards essential
- Security essential
- Authentication is essential
- HIGHLY DYNAMIC

Trust and Identity
# Payments in Flux – The Perfect Storm

## Big Theme
1. Digitization of payments
2. Redefining retail banking
3. Consumerization
4. Authentication
5. Many to many, “Cloud”
6. Standards absent, regulation spotty

## Risk/Opportunity
1. Digital = “for profit”
2. Consumer attitudes on payments
3. BYOD defining payments platforms
4. Analog to digital ID, new “trust”
5. Traditional structure destroyed
6. “Wild West” scenario

**Standards create opportunity out of risk**
Consider this – Digital Identity
Standards Revolutionary Role

*Creating Competition & Innovation*

- Building blocks of best practice
  - Security needs to be common & consistent
  - Startups need to have a toolset to serve customers
- Uniform datasets
  - Financial transactions are not that unique
- Defined integration point data exchange
- Comprehend “out of the box” use cases