Payment processing: need for change!?

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- Summary
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EFP: who we are…

EFP supports customers to make them successful

- independent consulting company since 1996

- focus on financial services especially banking and payments

- almost 20 years successful expertise characterized by
  - consultants with banking and payment origin
  - long experienced management- and project skills
  - corresponding deep technical and functional background
  - enthusiasm and passion for subject-matters

- conscious combination of market-, processual- and EDP-know-how to form holistic solutions and bridging business- and EDP-challenges

- broad range of portfolio migrations, technical conversions and reorganizations comprising business and product definitions, developments of system architectures to the point of implementations and installing efficient and scaling operations
EFP: references

Aduno
Berliner Sparkasse
CardProcess
Clearstream
Commerzbank
ConCardis
Deutsche Bank
DVB
DWPBank
Finanzinformatik
FirstData
Landesbank Berlin
Norddeutsche Landesbank
Postbank
POS Transact
Sparda-Banken
Universum Group
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Payments: growing retail market

Some figures (2013)

- Card based turnover: 42.2% (=166 Bn €)
  Total turnover: 390 Bn €

- Card based transactions 19.3% (=3.1 Bn Trx)
  Total transactions: 16.1 Bn Trx

- ATV: 47.36 €
  (ACV: 18.59 €)

- E-commerce turnover: 5.3% (=21 Bn €)

→ High potential for more cashless transactions in retail market
Payments: just a commodity….

…at least from the point of expecting
- purchasers → everywhere, convenient, secure
- providers/merchants → fast, guaranteed, cheap
- regulators → transparency, lower prices, standards

impacts:
- price → cost efficiency, bigger scales
- regulation → easier market entry → more competitors
- security → technology
Payments: new players

new players focus on:
- customers
- applications
- shopping process

existing players focus on:
- bank accounts
- co-branding
- payment process

impacts:
- customers → big data, CRM
- applications → innovation speed
- shopping process (mobiles, SW) → technology
Payments: several challenges for processing

In consequence payment processing has become more complex…. 

…because there is more to it than on first sight
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Payment processing: the full picture

...characterized meanwhile by multiple possibilities, solutions and players

- how to handle **complexity**?
- how to handle **time to market**?
Payment processing: need for change

Necessity to be
- different
- service oriented
- fast
instead of doing everything by its own

Design
- intelligent products
- intelligent architecture
- integration of solutions
instead monolithic implementations

Usability

Speed
- performant
- real time instead of batch
Payment processing: differentiation

- Payment guarantee away from classical brands
  - direct debit
  - enhance authorization (geo data, risk evaluation, additional data/services)
  - dynamic payment selection
- Cash flow optimization
  - factoring, debtor management
  - cash pooling (independent of brand)
  - instant payments
- Reconciliation
  - balance the cash
  - settle differences
- Provider/purchaser centric views
  - collect, analyse all payment trx and additional data
  - customer experience
- One-Stop-Shopping
  - by integration of solutions
Payment processing: usability

- Usage of standard components
  - e.g. Bookkeeping systems, payment systems, warehouse-, OLAP-tools, authorization-, switching systems
  - fast changes e.g. SEPA = SW-patch instead implementation project

- efficient integration
  - service orientated
  - XML based data exchange
  - SaaS
Payment processing: speed

- Speed
  - growing number of online authorizations, transactions
  - enhanced data on online transactions
  - parallel processes during authorization
- Performant processing due to
  - overhead of standard components, layers
  - mass data of trx and additional data
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Payment processing: summary

- focus on essential add value

Differentiation

- reduce complexity
- easy integration
- use standards
- fast changes

Usability

- growing nbr. of trx, authorizations
- overhead of standard solutions
- process big data

Speed