

### **UK payments is about to be transformed again - the bank account is about to go digital**

- If uncertainty is certain, then planning with scenario analysis is critical
- Since 2005, the analogue world has transformed into an increasingly digital one
- It is not the technology that transforms a market, but how it is used and behaviours
- The world is on an inexorable journey toward real-time mass market payment solutions

### **10 years ago, no-one was imagining today**

- 2005 – Nokia dominated mobile telephony, credit was credit, Europe was strong and property was a one way bet
- 2013 – iPhone has revolutionised the mobile, the financial system nearly collapsed, social networking arrived and most of the good credit is in the Southern Hemisphere

### **Concerns about digital and the cloud are incoherent and misplaced**

- People instinctively resist disruptive technologies
- Banks are not as safe as claimed – JPMC, ING etc
- Regulators allow it when it is explained in their terms
- Using 3<sup>rd</sup> parties can be done in the front office too
- Customers who don't complain are not necessarily happy

### **Huge value can be created by opening up platforms and assets**

- Apple shows how value can be created from open platforms
- PayPal is following a similar strategy to maintain growth
- It's also partnering with banks – a new distribution channel
- This is allowing it to continue to be entrepreneurial

### **Is it time for Market infrastructures to transform?**

- The European ACH market has excess capacity and cost
- Operating models are out of step with a 24/7 world
- Concentration, credit and operational risks need reducing
- Market structures have inhibited the potential of technology

### **Social media demands to be heard and ignoring it is not an option**

- Fidor, Moven, First Direct are trail blazing
- Social networking - more culture and habit than deliverable
- All channels need to be engaged and listened to
- People will say bad things – but they will do so anyway

### **'Virtual payments' are more than a trend**

- By 2015 all economically active people will be on mobile
- "Developed economies – browser; developing – mobile"
- Social media growth is fuelling social commerce

### **Bitcoin is misunderstood, is it also underestimated?**

- It is an accounting system in the Cloud
- By definition it is best regarded as a foreign currency
- All transactions are transparent – but identity is private
- Bitpay is the company that runs it
- Cyprus – a real currency crisis that created a flight to digital!

### **The UK market is about to be transformed again**

- 2014 P2P payments combining faster payments and mobile
- Extending then to P2B, P2SME, B2P and B2B
- Instant, irrevocable, accessible and safe!

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