



ROUNDTABLE THE FUTURE OF ACCOUNT TO ACCOUNT PAYMENTS



In collaboration with



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The Future of Account to Account Payments

Over 20 payments professionals from a range of backgrounds gathered on 27 April 2022 to round table the future of account to account payments – a lively discussion in a collegiate atmosphere led by May Lam, Partner at EY ensued. Just some of the highlights are covered in the following article.

Accessing account to account payments.

Account-to-account payments is the concept that everyone who has a bank account, can access both sides of an account-to-account payment, i.e. sending and receiving. It contrasts with other payments like card payments, where only merchants can receive payments generally. The intuitive benefit of universal account-to-account payments, is the fact that almost everyone has an account, and an account-to-account scheme would be accessible, and low cost.

While they have been around for a long time, older types of account-to-account payments have been slow, preventing them from being used widely in real time scenarios. Some are reserved for specific purposes, like SWIFT international payments, and have a high cost. Or they don't really work for specific many-to-one scenarios that require reconciliation of multiple consumer payments to one merchant.

What are the recent developments of account to account payments?

In our session we looked at recent developments in account-to-account payments - particularly in Australia. The New Payments Platform, NPP, or PayID or Osko, as well as the emerging PayTo debit solution has advantages over current systems, with which the audience was well aware.



Nevertheless take up of new payment solutions was lower than it could have been, and several reasons were provided.

First and foremost, to achieve success solutions had to be customer focussed. And the consumer was multi-dimensional, a corporate payee/payer, a biller, a merchant or an individual. To be successful there needed to be value for the consumer, In many cases there was no business case not for the merchant, consumer, or even the institution-as-a-customer.

We looked at India's UPI as a good example, and noted the importance of Fintechs in making the change happen. In India it was Google Pay and PayTM.

Looking to the future...

Reliability was a concern. Payments being held over for a day, when a consumer was expecting something real-time is a poor customer experience. Moving accounts was difficult too - and collective, poor experiences of early adopters will make it harder to get mass adoption.

Also account-to-account payments is really a global opportunity that we seem to be approaching independently domestically, at a time when international regulators (like the Financial Stability Board) are trying to solve the problem collectively.



In conclusion, we saw that it was important for Fintechs to drive the change, that we need to harmonise internationally, for these days payments and commerce knows few boundaries. The future for account-to-account payments was bright, and as we develop new solutions in this space, we need to keep customers at the centre of innovation.

About the author Nikesh Lalchandani



Nikesh Lalchandani, Head of Policy EPAA, is an experienced banker, with a background in technology and finance, working in payments and innovation for many years in fintechs, banks and startups. He has studied postgraduate information technology and finance, is a Chartered Banker and Senior Member of the Australian Computer Society, IEEE and Fellow of FINSIA. He is the author of the book "Payments and Banking in Australia: From coins to cryptocurrency".

Expert Participants

Moderator



May Lam
Partner, EY

Speakers



Ethan Teas
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Thank you

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