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**HOW DO WE DRIVE UPTAKE OF
INSTANT PAYMENTS FOR RETAIL?**

SYDNEY ROUNDTABLE EVENT AUGUST 2024

Introduction

Payments industry leaders convened in Sydney for a roundtable organised by the Emerging Payments Association Asia (EPAA) in collaboration with Amazon and hosted by Grant Thornton. The discussion, moderated by Jennifer Harrison (Reputation Edge), focused on the question: “What does a good payment look like in today’s retail environment?”

The session featured input from industry experts Syed Tanvir Munawar (Amazon), Adrian Lovney (Australian Payments Plus), Caroline Tran (Hello Clever), Dhun Karai (Grant Thornton), and Ethan Teas (Commonwealth Bank), who led the conversation on this critical topic.

Participants representing various stakeholders in the payments ecosystem - consumers, merchants, payment processors, and policymakers - shared insights into evolving expectations, the complexities of modern payment methods, and how different perspectives shape the understanding of an ideal payment experience.

Content

Perspectives on Payment Experience

Factors Affecting Payment Methods

Challenges and Opportunities

Conclusion

Expert Participants

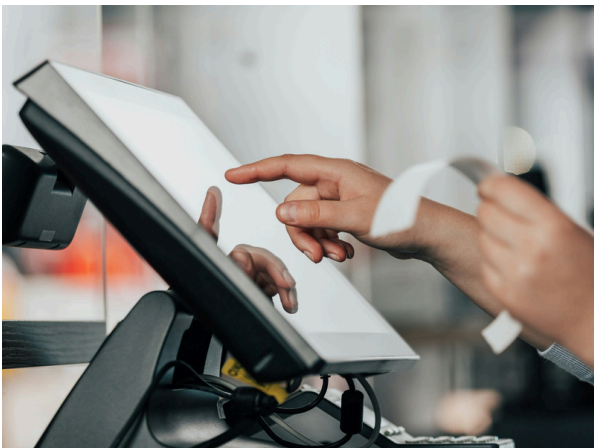
About the Author

Perspectives on Payment Experience

1. The Consumer's Perspective

From a consumer standpoint, key factors for a good payment experience include:

- **Convenience and Speed:** Consumers expect payments to be fast, seamless, and often prefer methods they are familiar with (e.g., credit/debit cards, mobile payments). Habit and ease of use influence payment choices.
- **Trust and Security:** Security is paramount. Consumers expect fraud protection, clear dispute processes, and reliable refunds. They often trust card-based systems for their robust chargeback mechanisms.
- **Incentives:** Loyalty programs, rewards, and cash-back incentives often drive consumer behavior. Instant payments, while valued for convenience, must offer clear benefits to gain widespread adoption.



2. The Merchant's Perspective

For merchants, the critical aspects of a payment system are:

- **Cost Efficiency:** Merchants are focused on reducing payment processing fees. Account-to-account payments offer potential savings over traditional card systems, but adoption is slow due to complexity and concerns about consumer behaviour.
- **Payment Success Rates:** Ensuring a high success rate for transactions, especially in recurring payment models, is vital. Merchants are wary of payment failures caused by insufficient funds, technical issues, or fraud.
- **Operational Efficiency:** Merchants seek systems that integrate seamlessly into their operations, ensuring a smooth customer journey from checkout to post-purchase. They are also keen on minimising the hidden costs associated with managing disputes and chargebacks.

3. The Payment Infrastructure and Processor's Perspective

Payment processors and infrastructure providers are tasked with:

- **Building Trust:** Ensuring that payments systems are secure and that both merchants and consumers can rely on them without fear of fraud or system failures.

- **Interoperability:** The ability of different payment systems to work together is critical. For example, ensuring that cross-border payments are processed efficiently, and that various payment methods are universally accepted.
- **Innovation and Scalability:** Providers must continuously innovate to support new technologies (e.g., real-time payments) while ensuring scalability during peak demand periods, such as large retail events or high-volume transaction days.

4. The Regulatory and Policy Perspective

Regulators and policymakers are concerned with:

- **Consumer Protection:** Balancing innovation in payments with robust consumer protections, particularly in real-time payments, where fraud risks may be less visible.
- **Inclusivity:** Ensuring that digital payment systems are accessible to all consumers, including those who may not trust or be familiar with newer technologies, and addressing concerns about financial exclusion.
- **Systemic Risk Management:** Monitoring and addressing risks associated with payments failures, cyber threats, and the balance between innovation and security.



Factors Affecting Payment Methods

1. Digital vs. In-Person Payments

The discussion highlighted that consumers often do not differentiate between digital and in-person payments, as long as the process is seamless. However, online transactions must address additional factors such as fraud, chargebacks, and security protocols.

2. Low-Value vs. High-Value Payments

The type of payment—whether for a low-value item like a cup of coffee or a high-value purchase like a car—can influence the payment method selected. High-value payments often require added layers of trust and security.

3. Recurring Payments and Subscription Models

Recurring payments require a high degree of reliability. For businesses that rely on subscriptions, instant payments offer advantages in terms of immediate confirmation and reducing operational complexity.

4. Domestic vs. Cross-Border Transactions

Cross-border payments introduce challenges such as higher fees, slower settlement times, and regulatory complexities. Interoperability and real-time settlements are critical for improving the efficiency of cross-border transactions.

Challenges and Opportunities

- **Interoperability and Scalability:** Current systems face challenges in interoperability, especially across borders, but advancements in real-time payment networks (such as those seen in India and Brazil) provide valuable lessons.
- **Fraud and Security:** As instant payments grow, managing fraud in real-time environments will require stronger security measures without compromising user experience.

- **Consumer Education:** Many consumers are unaware of the benefits and risks associated with different payment methods, particularly instant payments. Education will be key to increasing trust and adoption



Conclusion

In conclusion, a "good" payment in the modern retail world must balance convenience, security, cost-effectiveness, and trust across all stakeholders. Real-time payments, while offering significant benefits in terms of speed and efficiency, must still address consumer trust, merchant adoption, and regulatory concerns. By fostering collaboration between merchants, payment providers, and policymakers, the payment ecosystem can evolve to meet the changing needs of consumers while maintaining security and reducing costs for businesses.

Expert Roundtable Participants

How do we drive uptake of instant payments for retail?

Host



Camilla Bullock
EPAA

Moderator



Jennifer Harrison
Reputation Edge

Speakers



Syed Tanvir Munawar
Amazon



Adrian Lovney
AP+



Caroline Tran
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Shatha Sukkar
RBA



Silke Smeesters
Uber



Taleen Shamlian
Advisory Street



Tim Baird
Commonwealth Treasury



Vibhu Arya
IKEA



Holly Dorber
PayPal

WE ALWAYS TURN TO OUR MEMBERS FOR
THOUGHT LEADERSHIP. THANK YOU

The Amazon logo, consisting of the word 'amazon' in a bold, black, lowercase sans-serif font. Below the text is a curved orange arrow that starts under the 'a' and ends under the 'n', pointing to the right.

About the Author



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*Chief Operating Officer,
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The Emerging Payments Association Asia (EPAA) is a leading association for innovative businesses in the Asia Pacific payments ecosystem, including banks, issuers, and technology providers.

EPAA hosts discussions, think tanks, and networking events, providing members with insights while influencing policy and regulation and representing APAC in international forums. The community amplifies the voice in payments, connects business opportunities, and drives innovation to improve the financial payments landscape and lives everywhere.

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