

A Market for Payments
– Payments Choice in the 21st Century Digital Economy –
Jürgen Bott and Udo Milkau

Payments Drift Forum
- Faculty of Management, University of Warsaw –
8th of September 2016

Presented by Jürgen Bott

Definition according to Michel Callon

Market ...

... mechanism whereby supply and demand confront each other and adjust in search of compromise ...

Marketplace ...

... refers to a place in which exchange occurs ...

Is it really so simple?

Does it (still) work for payments, too ?

To have market transaction:

- We need suppliers who offer what is desired
- We need individuals / institutions who demand what is offered

How „payments“ are comprehended in this presentation

- Indispensible infrastructure (network),
- ... essential for economic development
- ... crucial to enter new markets
- ... and a decisive marketing instrument.



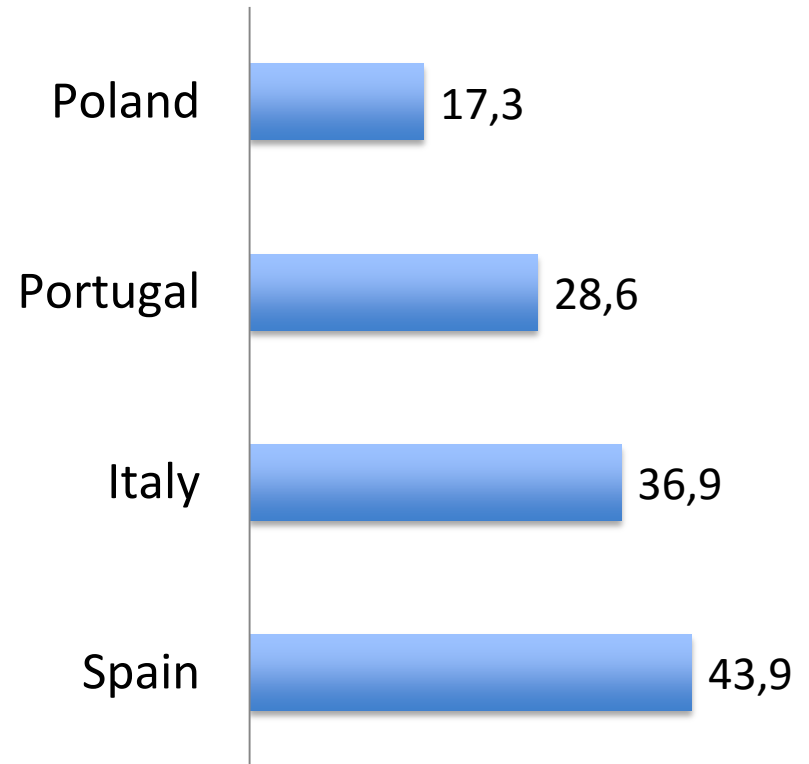
Payments services are vital to secure and to increase prosperity

There is pressure on banks

see it from a politician's point of view



Youth unemployment in %
Source: statistica, May 2016



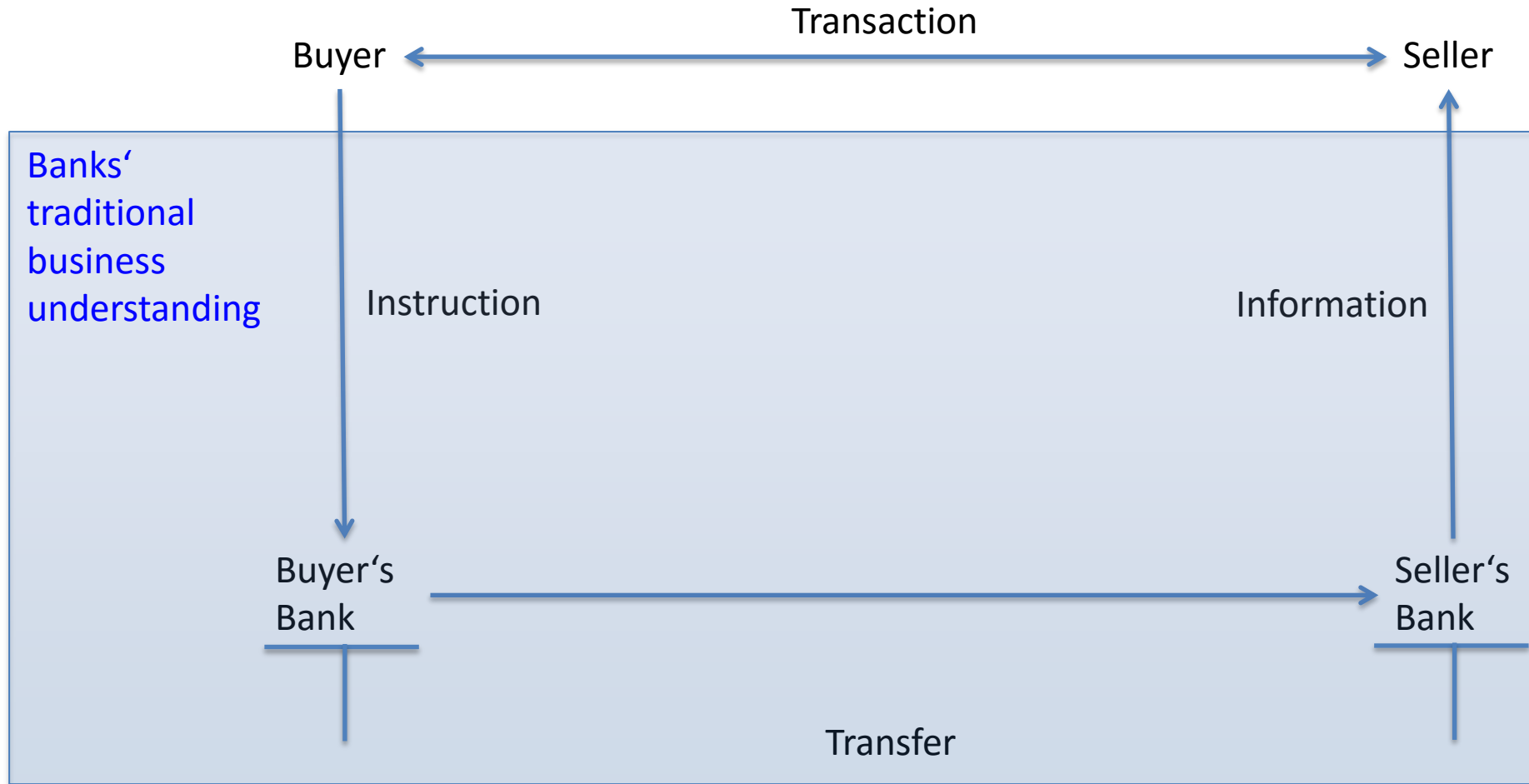
... and the pressure won't disappear

still try to see it from a politician's point of view

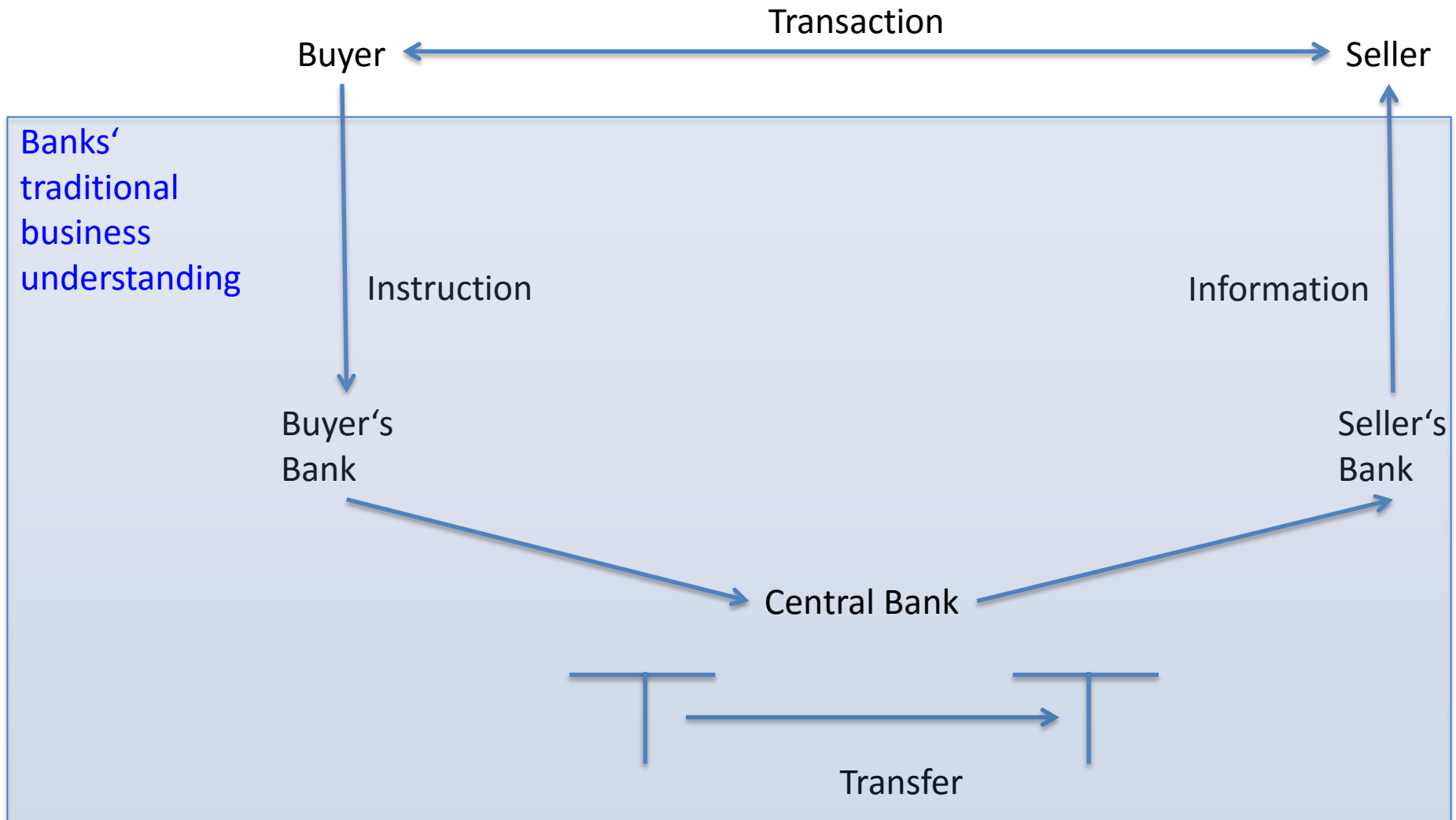


Simplified taxonomy of a payment transaction

- credit transfer -

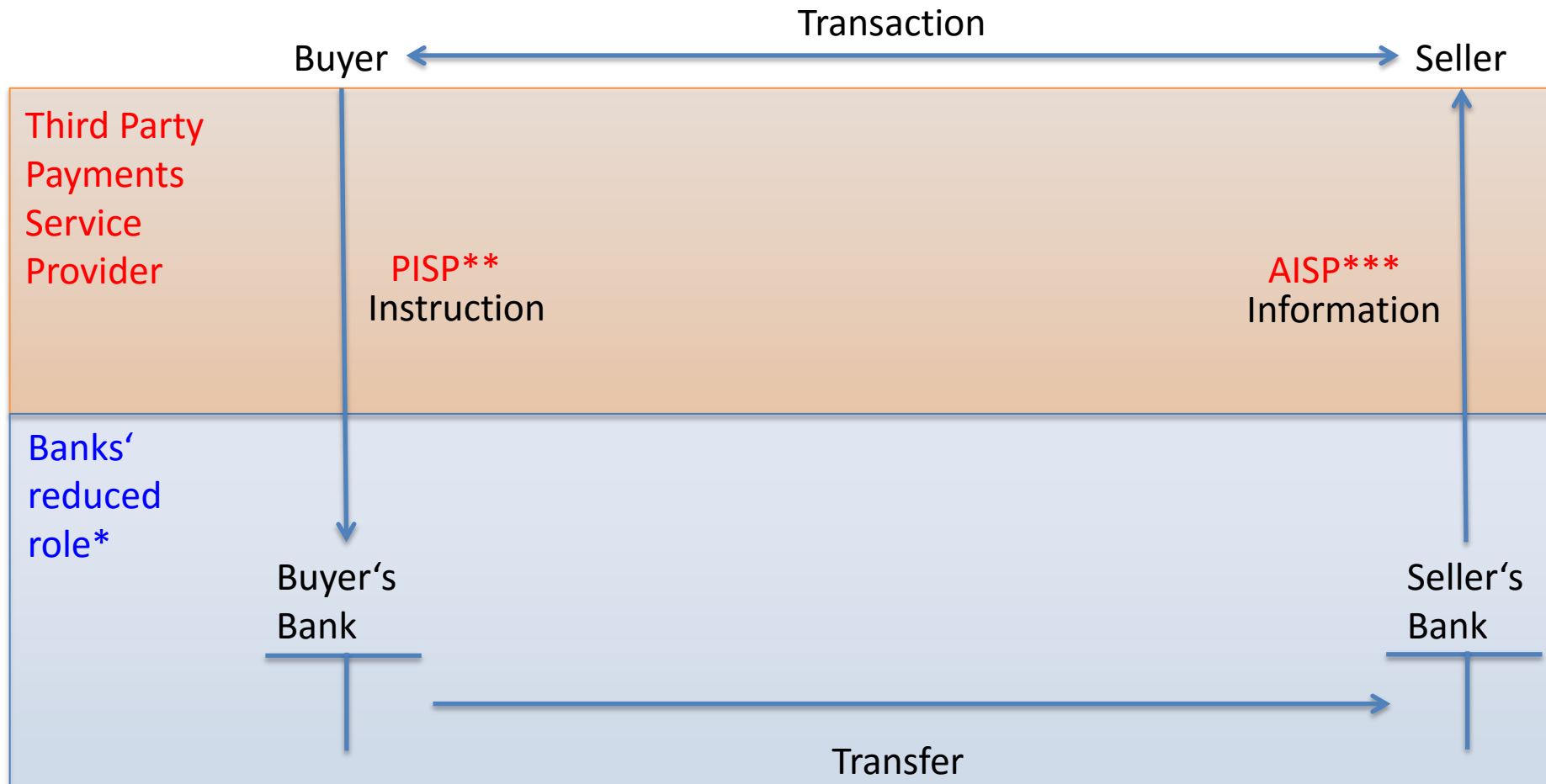


Final Settlement on Central Banks' Accounts - credit transfer -



Payments Service Directive (2) changes the business wisdom

- credit transfer -

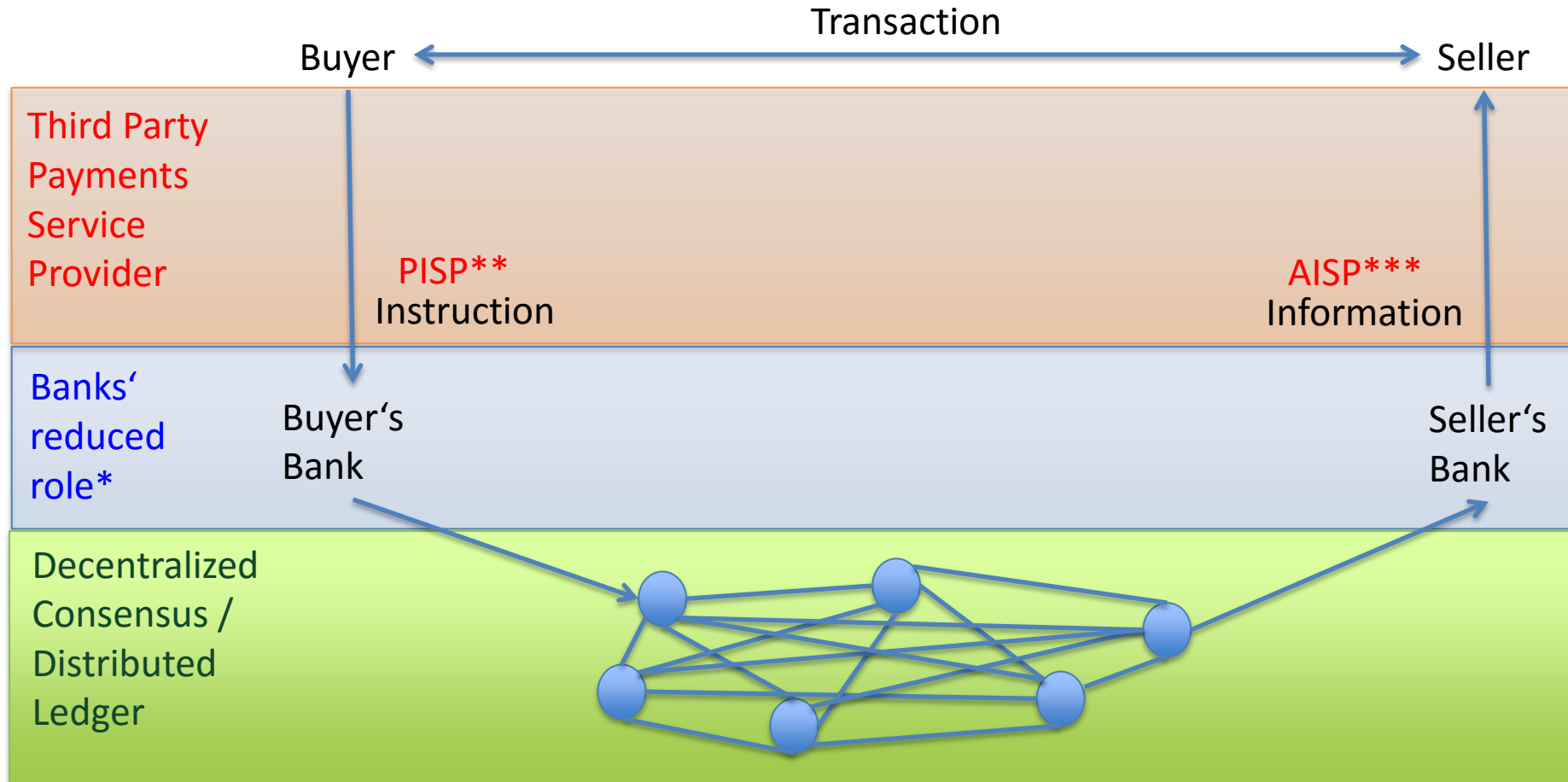


* Many banks won't accept this reduced role and try to compete with Third Party Payments Service Providers

** Payment Initiation Service Provider

*** Account Information Service Provider

Even the relevance of Banks' Account System might be reduced



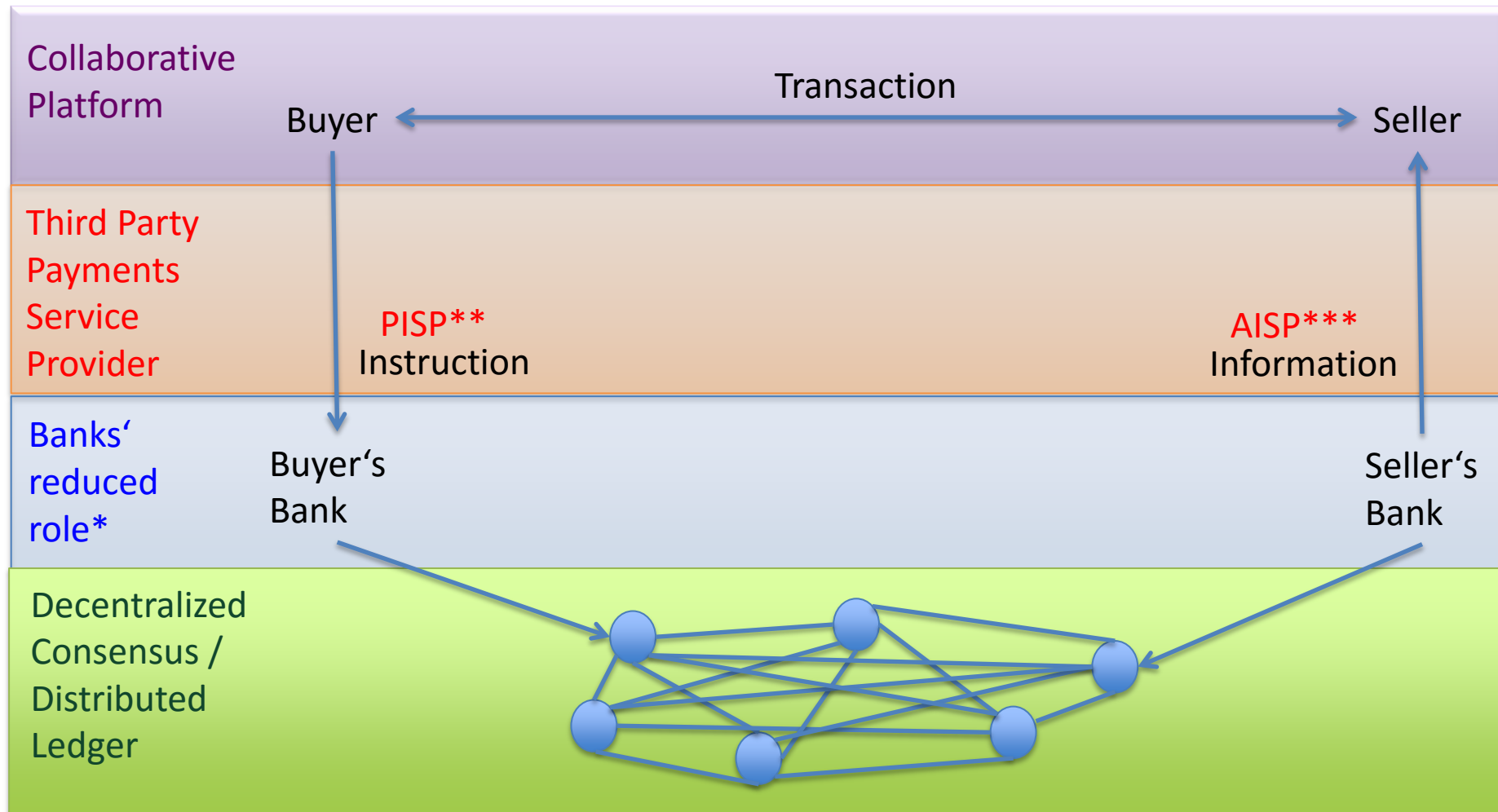
* Many banks won't accept this reduced role and try to compete with Third Party Payments Service Providers

** Payment Initiation Service Provider

*** Account Information Service Provider

Digitalisation is already dominating topic among banks' customers

- Industry 4.0 -

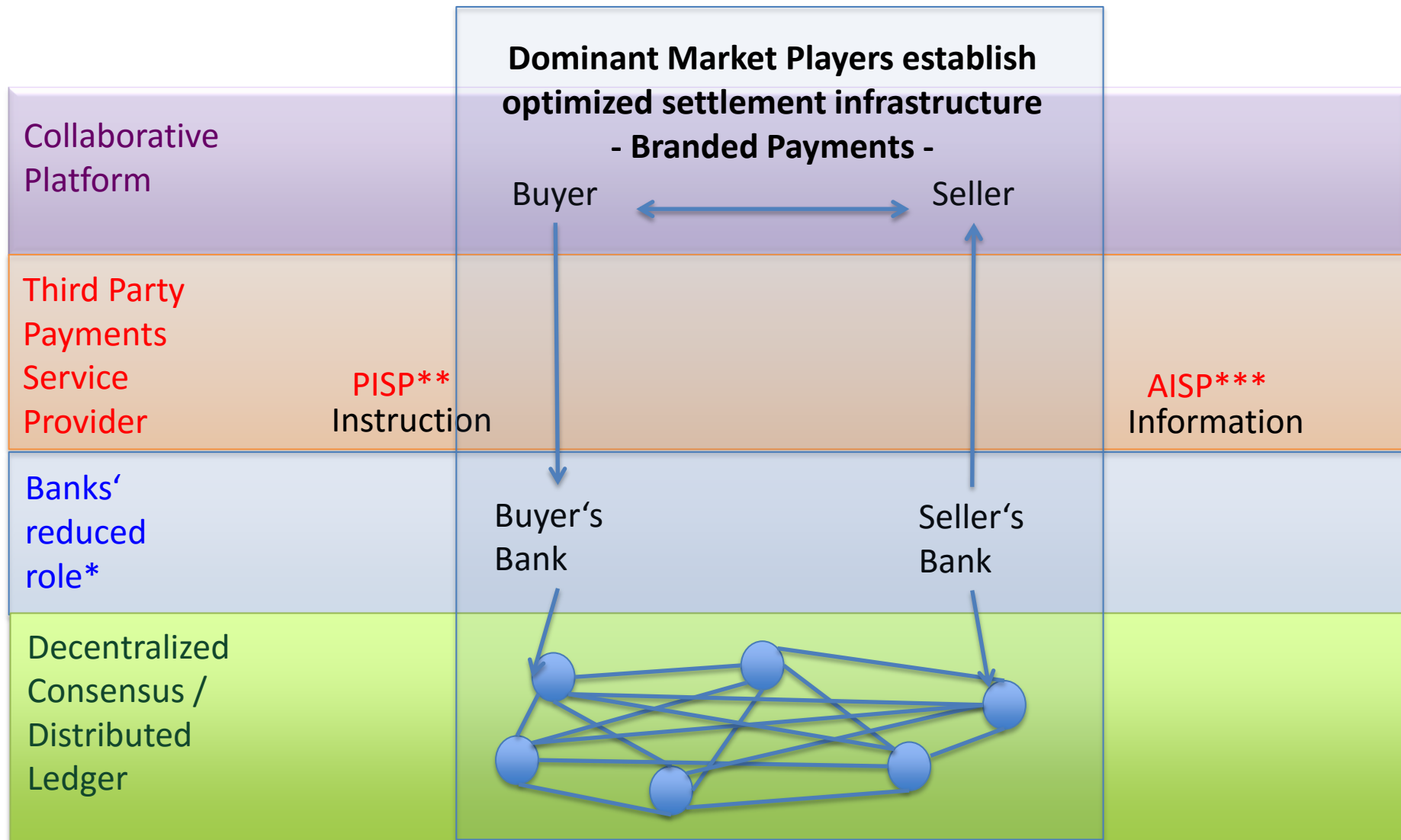


* Many banks won't accept this reduced role and try to compete with Third Party Payments Service Providers

** Payment Initiation Service Provider

*** Account Information Service Provider

Banks' role could be limited to be sub-contractors in the future payments business model

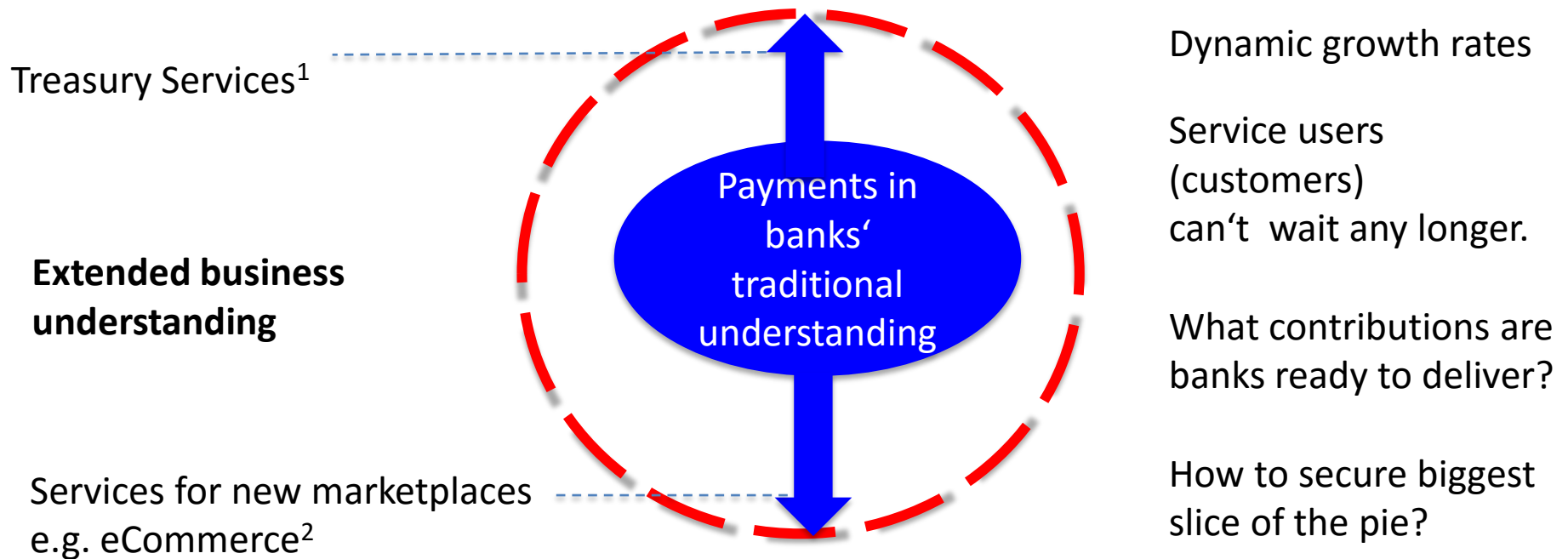


* Many banks won't accept this reduced role and try to compete with Third Party Payments Service Providers

** Payment Initiation Service Provider

*** Account Information Service Provider

Bankers have been aware of strategies to avoid limitation



1 Heidi Miller (SIBOS 2004)

2 Digital Agenda

A relevant market place for banks' payments services?

Only if banks establish:

An infrastructure (network), that makes banks' payments services:

- ... essential for economic development,
- ... crucial to enter new markets,
- ... a decisive marketing instrument.

Otherwise banks will become sub-contractors in a new payments business industry!