

Next Phase of Digital Disruption Arrives on the Rails of Real-Time, Per New Report from ACI Worldwide, KPMG and Vocalink

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Possibilities for value realization in new real-time banking ecosystem abound, new White Paper finds

NAPLES, Fla. & LONDON--(BUSINESS WIRE)--May 16, 2018-- The proliferation of real-time schemes globally will enable new innovative services in the banking and retail sectors and further disrupt the current global payments ecosystem, according to new research published by [ACI Worldwide](#), KPMG and Vocalink.

The study, [Real-Time Payments: Value Realization is Here](#) predicts that combined with other digital and payment trends such as mobile wallets, open banking and modern data standards, the possibilities for value realization in the new real-time banking ecosystem abound.

Research Highlights:

- With the reach of real-time payment schemes expanding to potentially one billion consumers worldwide, the next stage in the real-time payments evolution will be a global network that supports a fast, open and digitally sophisticated payments ecosystem.
- Request for pay (RfP) services that are emerging in the US and Europe will be one of the opportunities to provide value-added services for merchant and corporate markets.
- The move toward instant, multicurrency payments is set to revolutionize the cross-border transaction market.

“The next stage in the real-time evolution is already unfolding across the globe. This is not just about fast payments anymore, but about securing a winning place in the new digital banking ecosystem, and the role of real-time in the new payments world is increasingly vital. If you do not offer real-time services to your customers soon, another business will,” said Craig Ramsey, Head of Real-Time Payments, ACI Worldwide. “For banks, this means building a modern, fit-for-purpose environment. The right real-time solution will bridge the opportunities in the new payments world. If banks don’t start somewhere now, they risk losing more than payment volumes; they risk losing their customers.”

“These days, financial institutions must shift their approach to remain relevant in the payments disruptions and movements of the modern age. They need to ‘act like a startup, think like an enterprise.’ Banks must get out of the monolithic mindset and embrace a holistic enterprise view,” said Troy Hagey, Principal, Strategy, Financial Services, KPMG LLP. “A major portion of banks’ revenue comes from payments, and that makes payments a business—with consumer, commercial, corporate, business and small business banks all playing a role. The only way to ‘future-proof’ a bank’s technical infrastructure against whatever unknowns lie ahead is to demolish the silos once and for all so that, whatever may come, the entire organization can adapt as one.”

As the UK Faster Payments Schemes celebrates its 10th anniversary in May, the research report reveals key insights and figures from maturing real-time regions:

- The Faster Payments Service (FPS) in the UK was launched in 2008 and has since become firmly entrenched in the country’s payments ecosystem. In 2017, FPS processed over 1.7 billion payments, a 16 percent increase over 2016, for a total value of more than 1.4 trillion British pounds (GBP), compared to GBP1.2 trillion the year before.
- In the UK, the volume of real-time payments rose at the expense of checks first. Between 2008 and 2016, check use in the UK plunged by GBP1.06 trillion, almost the exact size of FPS’s GBP1.19 trillion market share.
- While the initial impact has been on checks, the future impact on wires is on the horizon: The transaction limit of UK Faster Payments is projected to increase significantly from the current limit of GBP250,000. The limit of Singapore’s FAST scheme increased from US \$10,000 to US \$50,000 to address corporate needs.
- Pingit and Paym entered the UK market in 2012 and 2014 respectively, providing a digital, frictionless and instant payments experience for consumers. Pingit and Paym now cover approximately 5 million accounts in payment services.
- The Nordic countries have gained remarkable traction with real-time payments technology. Swish and Siirto, Swedish and Finnish mobile instant payments solutions, allow for 24/7 real-time P2P and P2B payments, using a mobile phone number. By 2020, it is projected that 50 percent of all payments in Denmark will be made using a smartphone.
- In Singapore, an overlay service, PayNow, was introduced, allowing payment using QR codes via mobile phone. This new service, deployed in 2017, is a strong example of how innovative services can be built on top of real-time rails.

“Real-time readiness should be viewed as a strategic leap toward modernization, both from a business model and a technology perspective,” continued Ramsey. “The right choices now raise the odds of long-term success in what is rapidly becoming the world’s fastest growing payments mechanism.”

“As the reach of real-time payments expands, so do value-added capabilities,” added Hagey. “And when combined with other digital and payment trends such as mobile wallets, open banking, and modern data standards, the possibilities for value realization multiply.”

ACI has an unmatched global customer base of financial institutions and payment service providers using its UP [Immediate Payments](#) solution. In the UK, the solution has been used by financial institutions to access the UK Faster Payments scheme since its launch in 2008. Currently, over 60 percent of the direct participants of the UK’s Faster Payments Scheme use ACI’s solutions. Additionally, ACI has customers using UP Immediate Payments to

access Singapore FAST and the Australian NPP (New Payments Platform) and are implementing The Clearing House RTP system and Zelle for customers in the US. ACI serves on the ISO 20022 Real-Time Payments Group, the EPC Instant Payments Technology Group and chairs the IPFA rules working group.

About KPMG LLP

KPMG is one of the world's leading professional services firms, providing innovative business solutions and audit, tax, and advisory services to many of the world's largest and most prestigious organizations. KPMG LLP is the independent U.S. member firm of KPMG International Cooperative ("KPMG International"). KPMG International's independent member firms have 197,000 professionals working in 154 countries. Learn more at www.kpmg.com/us.

About Vocalink

A Mastercard company, Vocalink designs, builds and operates industry-leading bank account-based payment systems. Our technologies power the UK's real-time payments, settlements and direct debit systems, as well as the UK's network of over 70,000 ATMs. In 2016, we processed over 90 percent of salaries, more than 70 percent of household bills and almost all state benefits in the UK. In addition, our proven real-time bank account-based payment solutions provide more payment choice to customers in Singapore, Thailand and the United States. For payment news and insight from Vocalink visit CONNECT <http://connect.Vocalink.com/>.

About ACI Worldwide

ACI Worldwide, the [Universal Payments](#) (UP) company, powers [electronic payments](#) for more than 5,100 organizations around the world. More than 1,000 of the largest financial institutions and intermediaries, as well as thousands of global merchants, rely on ACI to execute \$14 trillion each day in payments and securities. In addition, myriad organizations utilize our [electronic bill presentment and payment](#) services. Through our comprehensive suite of software solutions delivered on customers' premises or through ACI's [private cloud](#), we provide real-time, [immediate payments](#) capabilities and enable the industry's most complete [omni-channel payments](#) experience. To learn more about ACI, please visit www.aciworldwide.com. You can also find us on Twitter [@ACI_Worldwide](#).

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